

OPLE  
eads Fe

The Global Newspaper  
Edited in Paris  
Printed Simultaneously  
in Paris, London, Zurich,  
Hong Kong, Singapore,  
The Hague and Marseille

WEATHER DATA APPEAR ON PAGE 14

No. 31,724

ZURICH, MONDAY, FEBRUARY 18, 1985

ESTABLISHED 1887

# HERALD TRIBUNE

Published With The New York Times and The Washington Post

Algeria 4.00 Dhs. Israel 1.5000 NIS. Norway 7.20 Nkr.  
Austria 20 S. Italy 1.500 Lira. Oman 0.7000 Rb.  
Belgium 45 Bfr. Jordan 400 Fd. Portugal 20 Esc.  
Canada 1.25 Can. Kenya 300 Ksh. Saudi Arabia 4.00 R.  
Czechoslovakia 2.00 Csk. Kuwait 3.00 Dhs. South Africa 1.00 R.  
Denmark 8.00 Dkr. Lebanon 1.500 L.L. Spain 160 Ptas.  
Egypt 100 F. Libya 1.000 D.D. Sweden 2.00 Skr.  
Finland 7.00 Fm. Luxembourg 40 Lfr. Switzerland 2.20 Sfr.  
France 6.00 F. Mali 200 Fc. Taiwan 2.00 Dts.  
Germany 3.00 D.M. Morocco 2.00 Dir. Turkey 1.60 TL.  
Greece 20 Dr. Netherlands 2.25 Fl. U.S.A. 1.00 Dls.  
Hong Kong 10.00 Hk. New Zealand 2.00 N.Z.  
India 15.00 Rs. Singapore 1.00 S.  
Japan 100 Y.

## U.S. Cuts Aid to Sudan

Concern Grows About Political, Economic Ills

By David Ottaway

WASHINGTON — The United States has suspended payment of nearly \$200 million in economic assistance to Sudan, its largest African recipient of aid, because of the steady deterioration in the economic and political situation there.

The decision, made late last year and not publicly disclosed, reflects a growing despair among Western donors and international aid agencies about how to deal with President Gaafar Nimeiri, who for the past several years has bent on the Islamization of his country, apparently without regard to the economic and political cost.

U.S. officials said the decision was made only after several months of "very high-level, across-the-board attention" in the administration, involving Secretary of State George P. Shultz and the National Security Council, and that the Sudanese were informed of it in mid-December.

"There was a consensus but not a happy consensus," one State Department source said. "But there was no other choice."

An economic rescue package put together in 1982 by the International Monetary Fund, the World Bank and Western donors worth \$1.5 billion annually in aid and deferred debt payments already had fallen apart because Sudan was \$100 million in arrears to the IMF and \$264 million on its entire 1984 debt service.

Mr. Nimeiri, regarded as one of the United States' closest African friends, has become a major problem for the Reagan administration, which views his country as strategically important to its African and Middle Eastern policies. Mr. Nimeiri was one of three Arab League leaders who supported the 1978 Camp David Middle East accord and Egypt's peace treaty with Israel a year later.

He also has offered the use of Sudan's air bases and naval facilities for the U.S. Central Command forces and assisted in the airlift of thousands of Ethiopian Jews, known as Falashas, to Israel despite the embarrassment that last month's disclosure of this secret operation caused his government.

Now, however, Mr. Nimeiri faces widespread opposition from a broad spectrum of foes, a fast-spreading Libyan- and Ethiopian-backed insurgency in the south, the influx of a half-million refugees from drought-stricken neighboring states, falling health and an economic mess that is probably the worst in the nearly 16 years he has been in power.

Furthermore, Mr. Nimeiri, who plans to visit Washington next month, has set his mind on imposing the sharia, or Islamic law, in such a rigorous manner, including the public amputation of thieves' limbs, that the State Department during the past nine months repeatedly has complained publicly about violations of human rights.

The economic and political woes

(Continued on Page 2, Col. 1)



Jubilant residents of south Lebanon climbed on a Lebanese Army tank after it moved across the Awali River into vacated Israeli positions. The Israeli Army pulled out of the Sidon area at the start of its withdrawal from Lebanon.

## Israel Starts Withdrawal From Southern Lebanon

By Jonathan C. Randal

Washington Post Service

SIDON, Lebanon — Israeli troops completed the first phase of a planned three-stage withdrawal from southern Lebanon on Saturday, and thousands of jubilant citizens cheered the Lebanese Army that marched in to fill the vacuum.

The pullback, which was completed two days ahead of schedule, took place without incident, Israeli

officials said. It marked the end of 32 months of occupation of southern Lebanon's largest city.

In addition to the 1,800 men of the army's largely Shiite 12th Brigade, Lebanese also cheered the National Resistance, the previously anonymous Shiite underground. Their increasingly lethal attacks influenced the Israelis to accelerate their withdrawal.

[Crowds in Sidon hoisted President Amin Gemayel and Prime Minister Rashid Karami shoulder-high Sunday as they joined in celebrations in the city, Reuters reported. The two leaders, who flew in from Beirut, wept with joy as they received a tumultuous reception from thousands of residents shouting: "Long live Lebanon! Long live Gemayel! Long live the resistance!"

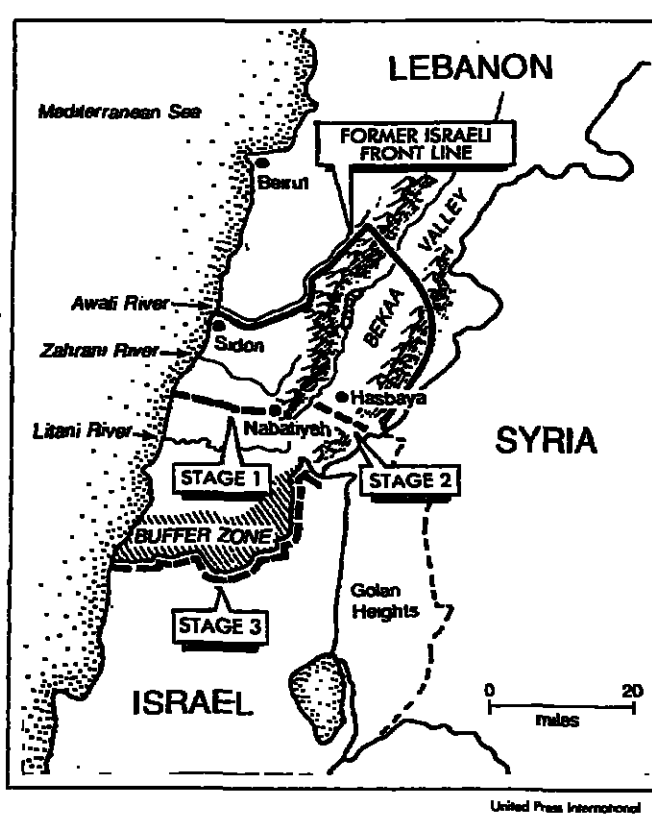
[Mr. Gemayel praised "the honorable national resistance movement" for driving Israeli forces from the Sidon area. He told local officials "the great blessed day constitutes the first step on the road to liberating the south" from Israel.]

By Saturday night, Lebanese troops were deployed near the Zahrani River, four miles (six kilometers) south of Sidon, and at a Kfar Falous, five miles inland in the foothills of the Mount Lebanon range.

First timidly, then with growing fervor, rejoicing residents of this capital of the south poured into the streets. Men, women and children waved red, white and green Lebanese flags and clambered aboard tanks, armored personnel carriers and army trucks as car horns blared.

The civilians pelted the troops with rice in a traditional Lebanese greeting. A soldier perched atop a

(Continued on Page 2, Col. 6)



The two remaining steps in Israel's planned withdrawal from Lebanon are a pullback from the eastern Bekaa Valley and the return of all its troops to Israeli soil.

## Syria Is Seen to Hold Key to the Future of New Middle East Peace Diplomacy

By Don Oberdorfer

Washington Post Service

WASHINGTON — The immediate future of new Arab diplomacy with Israel hinges on decisions to be made in Syria, according to administration officials monitoring a week of swift changes in the Middle East situation.

Syria's official media have reflected strong opposition to efforts by King Hussein of Jordan and the Palestine Liberation Organization chairman, Yasser Arafat, to initiate direct negotiations with Israel. The important question is how effective and sustained Syria's opposition will be.

As Washington edged cautiously toward renewed engagement in Arab-Israeli negotiations, the State Department sent two friendly diplomatic signals to Syria about U.S.

policy toward the Golan Heights and the return of a kidnapped U.S. journalist from Syrian-controlled eastern Lebanon.

U.S. policy-makers have been watching with unusual interest a trip to Damascus over the weekend by Prince Bandar bin Sultan, the

NEWS ANALYSIS

Saudi Arabian ambassador to the United States, who was expected to inform President Hafer, al-Assad about Washington discussions last week between President Ronald Reagan and King Fahd of Saudi Arabia.

Mr. Arafat, who was expelled from Syria after a break with Mr. Assad in mid-1983, is expected soon to submit his and Hussein's "framework" for negotiations with

Israel to several PLO governing bodies in Algiers and Tunis. Arab sources said that Mr. Arafat believes that he has majority support for the compromises he is proposing, despite public objections by several prominent PLO figures.

These sources said that Mr. Arafat seeks solid backing for the Palestinian concessions aimed at getting the United States involved in the peace process again and at starting broad negotiations with Israel.

The opposition that Hussein and Mr. Arafat encounter will be affected by Syria, which retains influence with elements of the PLO.

To improve relations with Syria, the State Department said in a statement last week that the peace-for-territory bargain in the Middle East, encompassed in United Na-

tions Security Council Resolution 242, applies to all Israeli fronts "including the Golan Heights" captured by Israel in the 1967 war.

The statement by the State Department spokesman, Bernard Kalb, was intended as a signal to Syria, according to officials, although in substance it restates an established U.S. position.

Israeli policy-makers, especially those from the Likud bloc whose government annexed the Golan Heights in 1981, strongly objected to the U.S. statement. Foreign Minister Yitzhak Shamir, head of the Likud faction in Israel's unity government, said that the Golan is "an inseparable part of Eretz Israel" and is not negotiable. "Not even a statement by an American official will change this," he said.

Last week's reappearance of a

Cable News Network journalist, Jeremy Levin, after 11 months of captivity in Syrian-dominated eastern Lebanon gave the State Department another opportunity to speak well of the Damascus regime.

The Syrians have played a positive role "in the effort to free Mr. Levin from his captors, believed to be pro-Iranian terrorists," a State Department spokesman, Edward Djerejian, said Friday.

U.S. relations with Syria, which is armed and backed politically by the Soviet Union, have been poor throughout the Reagan administration. Syria blocked implementation of the U.S.-sponsored Israeli-Lebanese accord of May 17, 1983, and was accused of masterminding military and terrorist opposition that caused the withdrawal of U.S. troops from Beirut a year ago.

## Kentucky Man Receives The 3d Artificial Heart

United Press International

LOUISVILLE, Kentucky — Murray P. Haydon, a retired auto worker who had been given only two or three more weeks to live, received the world's third permanent artificial heart on Sunday in an operation completed more quickly than those of his two predecessors, and without complications.

The surgical team headed by Dr. William C. DeVries spent three hours, 28 minutes removing the failing heart of Mr. Haydon, 58, and replacing it with a twin of the Jarvik-7 heart that has kept William J. Schroeder alive since Nov. 25.

"His skin is warm and dry and his color is excellent," Dr. Allan M. Lansing, medical director of Humana Heart Institute, said after the implant.

Dr. Lansing said the procedure went without complication.

A Humana spokesman said, "The heart is working perfectly, cardiac output is good, his vital signs are stable and everything appears to be in great shape."

Dr. Lansing said the mechanical

heart pumped at "a slow 50 beats per minute" and the pulse in Mr. Haydon's arms and legs was strong.

Mr. Haydon was moved from the hospital operating room into an intensive care unit.

Dr. DeVries also implanted the first two mechanical hearts — taking seven and one-half hours with Dr. Barney B. Clark, a dentist, in a 1962 Salt Lake City operation and six and one-half hours with Mr. Schroeder. Scar tissue from previous surgery slowed Mr. Schroeder's operation. Dr. Clark lived 112 days with the heart.

Mr. Haydon had not undergone any previous heart surgery, so Dr. DeVries and colleagues were able to make better progress with the third implant patient.

"He had no significant bleeding" either during the operation or immediately after, Dr. Lansing said.

Unlike Mr. Schroeder, who is a diabetic, and Dr. Clark, who had suffered from lung problems, Mr. Haydon was in good health except for the weakening heart muscles and kidney problems.



Murray P. Haydon, third recipient of a permanent artificial heart, held his new grandson on Friday in Louisville, Kentucky. The infant's father, Derek Haydon, is at right.

## Walesa Vows to Oppose Increase in Food Prices

Reuters

WARSAW — Lech Walesa vowed Sunday to mount a "general counteroffensive" against food price increases in Poland despite threats by the Communist authorities to jail him for illegal union activity.

He told 1,000 cheering supporters of Solidarity, the banned free trade union, after a church service in Gdansk.

"I am going to work tomorrow and, irrespective of whether I am arrested or not, everyone knows what he must do on Feb. 28. It must be a success."

The day has been chosen by Solidarity for nationwide protests, including a 15-minute general strike, against price increases the government intends to impose next month.

Mr. Walesa was summoned by the public prosecutor in Gdansk on Saturday and warned that he faced charges carrying up to five years' imprisonment if the union did not call off its action. The charge in question was "fulfilling a leading role in a union which was dissolved."

It was the sharpest warning that he had received from the authorities since he was released from 11 months' internment which began when Solidarity was suppressed under martial law in 1981.

Western diplomats said that the threat to imprison him and similar threats made against activist Roman Catholic priests marked an escalation of the government's drive to muzzle opposition.

Mr. Walesa's summons followed the arrests last week of Adam Michnik, Bogdan Lis and Wladyslaw Frasyniuk, all members of Solidarity's high command who were released from prison under a political amnesty in 1984. Three other activists who also were detained last week have been released.

Mr. Walesa said that he rejected the prosecutor's warning and told him: "I will continue my activities and will do so immediately."

He also issued a statement in which he condemned the arrests.

The government is on the brink of a confrontation with the church after Adam Lopuski, the minister of religious affairs, said that the authorities would not shrink from jailing outspoken anti-Communist clergies.

Cardinal Jozef Glemp, the Polish primate, responded by promising protection for priests although he said that the church would continue to dissuade them from involvement in what he called pure politics.

Tension with the church has been increasing since the murder last year of a pro-Solidarity priest, Jerzy Popieuszko. Four members of the security police were convicted and jailed this month for their roles in the killing.

Diplomats said that the tough stance toward the church and opposition adopted by General Wojciech Jaruzelski's government was partly to reassure the Soviet Union that the trial of the four did not indicate a slackening of party authority.

The government has chosen to crack down on preparations for the Feb. 28 protest despite Solidarity's difficulties in mustering public support in recent months.

Although Mr. Walesa endorsed the strike call, he did not hide his fears that its failure would be a blow.

A statement he issued last week called for protests and petitions but did not mention the work stoppages that are the first the union has sought for 18 months.

## Overcrowding and Pollution Threaten to Turn Florida Into Paradise Lost

By Bill Peterson

Washington Post Service

ORLANDO, Florida — Every winter, Florida beckons seductively. Come to the Sunshine State, America's fantasy land, a place of sand and palm trees, oranges and shuffleboard, alligators and Mickey Mouse, the haven of the retired.

Come to Florida, but be ready for the realities of the 1980s.

Be ready for traffic jams and lackluster, drug busts and pollution, eroding beaches and water shortages, 30,173 billboards and 374,254 mobile homes, highways and real estate bucksters.

Growth has caught up with Florida, and many here fear the state is rapidly becoming a paradise lost.

There has been a huge population explosion. In 1940, fewer than two million people lived in Florida. Now there are 11 million. In addition, 38.7 million tourists visit annually.

About 3.8 million people are expected to move here by the year 2000. Of the 10 fastest-growing metropolitan areas in the United States, five are in Florida.

Hardly anyone thinks it is possible to shut off the flow of people, but "growth management" has become the state's hottest issue. And politicians are feeling the heat.

"There has been a revolution in thinking about growth," said Governor Robert Graham. "We have a fundamental choice to make as Floridians. What kind of state do we want Florida to be?"

Joe Mills, Democratic leader in the state House of Representatives, agreed.

"We are a magnet for our own destruction," he said.

"People are going to get tired of seeing the billboards and subdivisions. The state's economy and quality of life are at stake."

Not long ago such talk would have been dismissed as the rantings of crazed environmentalists. Florida, after all, has long been a land of go-go growth, a real estate developer's paradise.

But even in the last five years have spotlighted the fragile nature of the Florida environment. Nature and humanity almost appear to be conspiring against the promised land.

In recent months alone, for example, the following occurred:

- A record-breaking January cold snap, called "the freeze of the century" by the state agriculture commissioner, destroyed about 90 percent of Florida's orange and grapefruit crop. It was the fourth freeze in five years in some areas, and may have redefined the boundaries of the citrus belt.

Mile after mile of citrus groves along the Orange Blossom Parkway north of Orlando stand dead and barren. Many citrus growers say they will not replant trees killed by the freeze. Some growers hope to sell their land to developers, which could add to congestion and the population explosion.

"Our No. 1 crop now is Yankies," said Henry Swanson, a retired Orange County agriculture extension agent. "We used to pick oranges. But now we pick Yankies. They're easier to zero in on and they don't freeze."

A rash of brush fires has burned 120,000 acres in south Florida. A fire earlier this year burned out of control for four days, killing a forest ranger, threaten-

ing dozens of homes and charring 10,000 acres of cypress swampland. Environmentalists said the fire was directly related to careless development of the 1960s, which lowered the water table.

A thousand people were evacuated from their homes on a 10-mile (16-kilometer) stretch of ocean front near Vero Beach in November when heavy winds battered the coast. Roads were flooded. High seas destroyed a pier, a restaurant, dozens of beach cabanas and part of a motel. It also grounded a cargo ship.

The damage raised fears about what would happen in a more serious storm. Florida has not had a major hurricane since the hurricane designated Beety killed 13 and destroyed \$139 million in property in 1965. Many people worry about how well structures built during the last 20 years would weather hurricane-force winds.

These are scattered incidents, but combined with other long-term development-related problems they have produced widespread public uneasiness.

Florida has serious water quality and supply problems. Officials have found a potpourri of pollutants seeping into the two giant aquifers on which much of the state depends for drinking water, including salt water, industrial chemicals and septic tank leakage.

"I've been telling people for years that we have good news and bad news about water," Mr. Swanson said. "The good news is that we're all going to be drinking sewage effluent. The bad news is we might not have enough to go around."

Population growth will add pressure on land and water. By 1995, Florida will need 1.9 million more

homes, 333 million gallons of fresh water daily and a way to process 6.3 million more tons of solid waste annually, according to state government estimates.

In 1975, the Florida legislature required local governments to devise growth plans. But The Orlando Sentinel reported in December that an examination of 500 land-use changes in Orange and Seminole counties "shows a pattern of concessions to developers and an absence of long-range planning."

Other states were settled by immigrants seeking land, gold or religious freedom. In Florida's past, land developers played the key roles. The state's modern history began in the 1880s with resort developments by two wealthy railroad men, Henry M. Flagler and Henry B. Plant. Miami was a small coastal village until the 1890s when Flagler built a railroad line and hotel there.

Florida has taken several major steps to protect its environment in recent years. In 1983, it passed a water quality act that created a \$100-million trust fund to help local governments finance sewage-treatment plants. In 1984, it passed a wetlands protection act, giving the state greater jurisdiction over swamps, marshes and flood-plain development.

The legislature is also scheduled to consider a broadly worded state plan that sets some controversial goals. Among other things, the document recommends that the state funnel 85 percent of its future population growth into existing urban areas; purchase 100 miles of new public beaches; halt destruction of wetlands; build a high-speed rail system linking Tampa Bay, Orlando and Miami; and retain prime farm land for agricultural uses.

### INSIDE



Edwin Moses, the Olympic gold medal hurdler, was found not guilty of soliciting an undercover policeman posing as a prostitute. Page 15.

■ UNESCO board grants observer status to the United States. Page 2.

■ The chess match in Moscow has come to an ugly end, with many experts criticizing the match's cancellation. Page 4.

■ The United States is reviewing its military security ties to New Zealand. Page 5.

### BUSINESS/FINANCE

■ Britain has sued Arthur Andersen, the accounting firm for De Lorean Motor Co. Page 7.



## U.S. Evaluates Chernenko Illness, Says He Is Not in Immediate Danger

By Lou Cannon  
Washington Post Service

SANTA BARBARA, California — President Ronald Reagan, suffering from irreversible emphysema, is expected to live at least six months, according to administration estimates.

Administration officials say they believe that Mr. Chernenko's ill health will not affect arms control negotiations with the Soviet Union, at least in the short run.

The U.S. view, disclosed under ground rules that permitted neither the identification of sources nor direct quotes, is that Mr. Chernenko, 73, is in control but may divert himself of some duties.

Reports have circulated that he might give up either the presidency of the Soviet Union or the post of general secretary of the Communist Party. Yielding the latter would strip him of most of his power.

U.S. officials anticipate continuity in Soviet policy. Their view is that the military, a major Soviet power center, is committed to arms control and that Mr. Chernenko's

successor would take this into account.

In addition to minimizing the effect of Mr. Chernenko's health on U.S.-Soviet negotiations, U.S. officials have noted that relations between the two countries appear to have stabilized. They anticipate that negotiations on arms control and other issues will continue throughout President Ronald Reagan's second term.

Much of the evidence that Mr. Chernenko has taken a turn for the worse is circumstantial. Speculation about his health, which has been almost constant since he took office a year ago Wednesday, revived when he failed to meet Tuesday with Prime Minister Andreas Papandreu of Greece.

Greek diplomats had expected that Mr. Papandreu would be granted an interview. When he was not, it was suggested that Mr. Chernenko's health was worse than had been thought.

But U.S. officials are satisfied that a report, published in West Germany, that Mr. Chernenko had

suffered a stroke is untrue and believe that his health is declining steadily but slowly, as is customary with emphysema. Officials said the best administration judgment was that Mr. Chernenko could have only six months to live, but there is no assurance that his debilitating disease will move at a predictable rate.

Emphysema, according to standard medical references, is a common, usually irreversible, often fatal disease in those whose lungs have been exposed to irritants such as smoke or chemicals.

Speculation about a sudden downturn in Mr. Chernenko's health was fueled last week when a Soviet cardiologist, Dr. Evgeny Chazov, who was physician for President Leonid I. Brezhnev before his death in 1982, returned to Moscow from a speaking tour in the United States. Other Soviet doctors in his delegation continued their tour.

But the State Department and Dr. Chazov's hosts in the United States said that Dr. Chazov's return had been planned several weeks earlier.

Dr. Chazov, head of a branch of the Ministry of Health that looks after the health of Soviet dignitaries, was in the United States as the guest of doctors campaigning against nuclear war.

A State Department spokesman said his agency had been told by the Soviet Embassy that Mr. Chernenko's doctor hardly would be touring the United States while his patient lay ill.

■ **Gromyko to Visit Italy**

The Tass press agency said Sunday that Foreign Minister Andrei A. Gromyko would visit Italy later this month, a possible sign that Soviet leaders do not fear an imminent crisis related to Mr. Chernenko's health. The Associated Press reported from Moscow.



Jacob Nepomoudou, a Kanak leader, being helped after he was injured fighting with police near Thio, New Caledonia.

## 11 Injured in New Caledonia Fighting

REUTERS

NOUMEA, New Caledonia — Eleven persons were injured, two seriously, when police clashed with pro-independence militants on Sunday in the first serious outbreak of violence in more than a month, official sources said.

Police used tear gas, concussion grenades and truncheons to disperse a group of about 50 Kanaks near the east coast town of Thio, witnesses said.

The fighting started after rightist white settlers decided to go ahead with a beach picnic in the nickel-mining town, about 60 miles (100 kilometers) northeast of the capital of the French Pacific territory.

Police escorting a convoy of more than 200 settlers to Thio, a stronghold of the pro-independence Kanak Socialist National Liberation Front, were stopped by a roadblock.

## UNESCO Grants U.S. Status as Observer

By Harry Dunphy  
The Associated Press

PARIS — UNESCO's executive board ended a five-day meeting early Sunday after agreeing to grant observer status to the United States and expressing hope that it will join the organization.

After a 20-hour session, delegates from 50 nations also reached agreement on a series of resolutions designed to help the organization deal with program and budget problems caused by the Reagan administration's decision to withdraw.

The United States quit the UN Educational, Scientific and Cultural Organization on Dec. 31, saying the 160-nation organization had become too political, too costly and too inefficient. Britain and Singapore have said they will leave at the end of 1985.

Japan said Tuesday that it would consider similar action, and a number of West European countries have indicated that they might not remain unless there were changes in UNESCO operations.

Earlier in the five-day meeting, India and Mexico proposed a compromise that would allow the United States to have an observer mission at UNESCO until the organization's rules on such status could be clarified.

The board agreed, saying the United States could do this "in accordance with general international practice" and would not have to make a formal request, according to delegates who spoke on condition that they not be identified.

They said Western nations and Japan clashed frequently during the negotiations with Soviet-bloc and Third World countries, which are in the majority at UNESCO.

The final resolutions adopted by the executive board did not mention the possibility that the board might ask the International Court of Justice in The Hague for an opinion on whether the United States was liable for its 1985 budget contribution to the organization.

A document prepared by Amadou Mahtar Mbow, UNESCO's director general, had cast doubt on whether an observer mission could be established. It also said the board might want to ask The Hague court for a ruling on the U.S. contribution.

The United States provided a quarter of UNESCO's budget, amounting to about \$43 million a year. The delegates said UNESCO's program will almost certainly have to be trimmed to meet an estimated deficit of \$28 million this year. They asked Mr. Mbow to report to them at their May meeting on any changes needed in the 1986-1987 budget.

They also urged member nations to give up any refunds due and suggested that Mr. Mbow set up a fund to receive additional contributions.

France, the host nation, said it would contribute \$2 million and Pakistan offered \$50,000. The Soviet Union, Venezuela and Colombia were among a group of nations saying they would give up refunds that were expected to total \$6 million.

The board approved a proposal calling on Mr. Mbow to reduce staff.

Despite objections from the Soviet bloc, the delegates also decided on a proposal that would set priorities on UNESCO's activities with a view toward eliminating politically controversial programs.

## WORLD BRIEFS

### Reagan Trims European Itinerary

SANTA BARBARA, California (Reuters) — President Ronald Reagan has shortened his planned European trip in May by two days so he can be in Washington when Congress debates his 1986 federal budget, according to Larry Speakes, the presidential spokesman.

Mr. Reagan had planned to return to Washington on May 12 after a 13-day trip including the annual conference of industrial nations in Bonn on May 2-4. He will now return May 10, Mr. Speakes said Friday.

Instead of remaining in West Germany for a state visit through May 8, the president will leave two days earlier, flying to Spain. On May 8, Mr. Reagan will address the European Parliament in Strasbourg, France, avoiding dispute in West Germany over how to mark the 40th anniversary of the victory over Germany.

### IRA Leader Is Denied Visa by U.S.

WASHINGTON (From Combined Dispatches) — The U.S. State Department has denied a visa to Gerry Adams, president of the political wing of the Irish Republican Army, because of his "advocacy of violence in Northern Ireland," a department spokeswoman said Saturday. Mr. Adams had been invited by 10 congressmen to join protests against Prime Minister Margaret Thatcher of Britain during her visit this week.

Meanwhile, in Armagh, Northern Ireland, a senior prison officer, Pat Kerr, was shot to death on Sunday as he left church after attending Mass on his 37th birthday. The IRA, later claiming responsibility, said Mr. Kerr, the security chief at the Maze prison outside Belfast, had been killed for harassing prisoners.

In Dublin, the jailed IRA kidnapper, Eddie Gallagher, suspended a hunger strike on Sunday after 39 days to allow talks to go ahead on his demands for improved prison conditions, his lawyers said. (AP, Reuters)

### Bill on Tax Evasion Approved in Italy

ROME (UPI) — The Chamber of Deputies has given final approval to a bill aimed at curbing tax evasion, ending months of debate.

The lower house on Saturday voted, 255-89, with 140 abstentions, on the measure, which took nearly four months to move through the parliament. The government victory was assured when the opposition Communist Party on Saturday announced its intention to abstain in the final vote.

The Communists had approved the government moves to curb tax evasion by small independent companies, but opposed the bill through-out debate in an attempt to unseat the government of Prime Minister Bettino Craxi. The government had made the bill a major part of its austerity policies. The most debated aspect of the bill is its empowering of tax officials to assess companies for taxes if investigations indicate they are not declaring full tax liabilities.

### Burt Seen as Next U.S. Envoy to Bonn



Richard R. Burt

### U.S. Aide to Meet With Pinochet, Foes

WASHINGTON (NYT) — Reagan administration officials, citing concern about a worsening political situation in Chile, say a senior State Department official has been sent to Santiago to urge President Augusto Pinochet and opposition leaders to find a way to move toward peaceful elections.

For months, the administration has been concerned over increased acts of violence in Chile, which the United States blames both on Communist-backed terrorists and on what it regards as a repressive crackdown by the Pinochet government on opposition groups. The opposition has been calling for the resignation of General Pinochet and for an elected government. Elections are currently planned for 1990. One State Department official expressed concern that Chile could become "another Nicaragua" because of the inability of the political opposition and government to work out reforms peacefully.

Langhorne A. Motley, an assistant secretary of state for inter-American affairs, is expected to be in Chile until Wednesday.

### For the Record

Pope John Paul II will receive Prime Minister Shimon Peres of Israel in a private audience Tuesday, according to a Vatican spokesman. (UPI)

Four black political prisoners serving life sentences for treason have been released under an amnesty by President P. W. Botha and 14 more are to be freed soon, South African officials said. (UPI)

Colombia's presidential press secretary was imprisoned Friday on the orders of a judge investigating the smuggling of cocaine to Spain in a diplomatic pouch, judicial sources in Bogotá said. (Reuters)

## U.S. Concern on Sudan Brings Aid Suspension

(Continued from Page 1)

are so pervasive that the United States and Egypt, Sudan's most important allies, are finding it increasingly difficult to help Mr. Nimeiri, even though both are acutely aware that their withdrawal of support could lead to his fall and a power vacuum that could be filled easily by Libyan- and Ethiopian-backed elements hostile to U.S. and Egyptian interests.

"We're worried," remarked one frustrated U.S. official. "But to say he is unmanageable and to play around with alternatives is dangerous business. He's a friend of the United States, and you can't deny all the things he's done for us."

Camp David, his refuge policy — In 1982, after the assassination of President Anwar Sadat of Egypt, the United States sharply boosted aid to Sudan with a military and economic aid program of between \$200 million and \$300 million annually, part of the larger IMF-sponsored package providing Sudan \$750 million in Western aid and \$750 million in debt relief each year.

The package involved massive rescheduling of Sudan's \$8 billion to \$9 billion accumulated debts.

Mr. Nimeiri's drive to impose Islam, which began in earnest in September 1983, soon upset Sudan's economic system as he sought to apply Islamic economic principles to taxation and the budget. By mid-1984, Mr. Nimeiri had plunged Sudan into what one official described as "a major financial crisis" and virtually all Western donors were holding back on the payment of their funds there.

"They could no longer keep to the IMF targets," said another State Department source. The IMF, in turn, ended its assistance, and the whole package fell apart.

Throughout November and early December, U.S. policy-makers dealing with Sudan debated whether to freeze the disbursement of

\$102 million in economic support funds earmarked for the 1984 fiscal year but still unspent and what to do about the \$112 million in similar aid set aside for fiscal 1985.

Around mid-December, they decided that the United States would not go ahead with the disbursement of the money because the whole \$750-million, IMF-sponsored debt relief plan had gone awry, according to this source.

Since then, no economic support funds have been released except for two specific items — \$15 million for jute bags needed for the 1985 cotton crop and \$4.5 million for a new variety of sorghum seeds.

The "freeze," as State Department officials are calling it, has not affected either the U.S. regular economic assistance program to Sudan of \$28 million this fiscal year, the \$45 million military assistance program or the sending of emergency food to aid refugees. As of December, the United States had sent 82,000 tons of grain worth \$20 million and earmarked an additional \$50 million for food assistance this year, according to State Department officials.

The problem remains, however, of what to do about the overall economic crisis and whether to continue helping an ally that by all accounts is falling into ever deeper trouble.

Recently, Mr. Nimeiri is said to have told a visitor that he could not accept stringent conditions in return for desperately needed foreign financial aid because of growing public grumbling about shortages.

"Any day now I expect a corporal to march in and shoot me," he was reported to have said.

Sudan was supposed to pay about \$1.5 billion this year just to service its outstanding debt and repay about \$265 million in 1984 arrears. But there is no way it can meet these obligations in its present economic condition.

The larger, long-term problem facing the Reagan administration and other Western donors is whether, and if so how, to continue aiding Mr. Nimeiri.

The consensus is that the administration will continue to support the Nimeiri government "come hell or high water," as one member of Congress put it. "The administration argues a very strong position on the Sudan and Nimeiri. It's not going to back away."



MUDSLIDE — Mud, boulders and logs slipped down a mountain near Te Aroha in New Zealand's North Island on Sunday, sweeping houses and shops through the streets of the town. At least four persons died in heavy rains and the floods and slides that followed.

## EC Ministers to Discuss Spain, Cash, Farm Prices

REUTERS

BRUSSELS — European Community foreign ministers will grapple Monday with a series of disputes over the community's finances, farm prices and terms for Spanish and Portuguese entry.

Diplomats said that preparatory talks by officials last week were largely fruitless.

Prime Minister Felipe Gonzalez of Spain acknowledged after talks Saturday in Madrid with Prime Minister Bettino Craxi of Italy, the EC president, that negotiations might not be completed in time for entry by the target date of Jan. 1.

Diplomats said this had been recognized here for some months, complicating the search for a resolution of the group's financial crisis. They added that a delay would also affect Portugal's application, which is less problematic but is linked to Spain's.

West Germany insists that an agreement to boost the community's income, reached at June's summit conference at Fontainebleau, was meant to come into force only after the Spanish and Portuguese entry.

The diplomats said intensive contacts had failed to soften Bonn's stand, and that most of the 10 member states had shown little enthusiasm for alternative stop-gap measures for raising cash.

Bonn maintains that to drop its conditions would reduce the pressure for early completion of the enlargement talks and would break its government's pledge to the Bundestag that new money for the EC would not be squandered on farm subsidies.

The community has been operating on emergency financing since Jan. 1, after the European Parliament's rejection of the draft 1985 budget, which did not include adequate provisions to cover financial commitments.

The diplomats said the 10 were also divided on how to react to Madrid's rejection of the stiff terms offered for the integration of Spanish agriculture and fisheries after its entry.

Mr. Gonzalez has blamed the 10 for the delay in the entry talks. But the diplomats said that Madrid had also failed to suggest ways of breaking the impasse, raising suspicions that Spain was banking the financial crisis would force the EC to make substantial concessions.

The community's new executive commission last week put forward new proposals to ease the Spanish objections. But these had been cold-shouldered by governments wishing to protect their own interests.

The commission is also due to submit proposals Monday for an aid plan for poorer Mediterranean regions. Greece has threatened to veto Spanish membership unless such aid is approved.

The wrangling over cash and over Spanish terms has become enmeshed with the debate over farm price proposals, which would in effect cut the incomes of the group's protected farmers for the first time in 20 years.

The diplomats said France argued there was no point in a budget agreement before the farm price proposals had been settled. France wants to see whether extra cash will be needed beyond the forecast \$1.7-billion budget shortfall.

Diplomats and officials said no acceptable ideas had emerged on how to disentangle these issues.

## U.K. Official Quits, Details 'Cover-Up'

REUTERS

LONDON — The defense official at the center of a British secrets controversy over the sinking of the Argentine battle cruiser General Belgrano published new allegations of a government cover-up Sunday after resigning from his post.

The Defense Ministry official, Clive Ponting, announced that he would leave government service Saturday, less than a week after a jury cleared him of leaking secrets on the Falklands war. A full parliamentary debate on the Belgrano incident is scheduled Monday.

Mr. Ponting said one of the reasons he resigned was to block attempts by the ministry to suppress a book, "The Right to Know," his account of alleged government efforts to hide the truth.

In the Observer newspaper Sunday, Mr. Ponting wrote of a sustained campaign to deceive Parliament over the sinking of the General Belgrano, which was torpedoed by a British submarine in the South Atlantic on May 2, 1982, with the loss of 368 lives.

Mr. Ponting's decision last summer to leak government papers on the incident to a Labor parliamentarian, Tom Dailly, led to his prosecution on charges of violating laws on secrets.

The papers revealed that information about the true course of the Belgrano and the timetable of events leading up to its sinking had been concealed for up to two years after the event.

Mr. Ponting was involved in high-level discussions on what should be revealed to Parliament and drew up for the use of ministers a confidential report of the circumstances surrounding the incident.

He quoted Defense Secretary Michael Heseltine as saying March 30 at a meeting of senior aides at the Defense Ministry: "I want to be quite sure that there is not a Watergate in this somewhere."

But Mr. Ponting went on to allege that the armed forces minister, John Stanley, went over Mr. Heseltine's head to Prime Minister Margaret Thatcher to reverse a move toward a more open policy on the incident.

He said the government blocked further questioning in Parliament by insisting it would not discuss military operational matters.

"I had never come across anything so blatant in my 14 years in the civil service," Mr. Ponting wrote.

Neil Kinnock, leader of the opposition Labor Party, has angered Mrs. Thatcher by saying he did not believe her denials of involvement in the decision to prosecute Mr. Ponting.

## Syria Seen Holding Key to New Peace Effort

(Continued from Page 1)

toward Israel are doomed to failure and that the Arabs should build their military might to equal Israel's.

But Hussein and other pro-Western Arabs increasingly accept the

U.S. view that the only way to peace is through direct negotiations with Israel, with active participation by the United States. Secretary of State George P. Shultz called repeatedly for such face-to-face Arab-Israeli negotiations last week.

The framework agreed upon by Hussein and Mr. Arafat lacks the clarity that Hussein had hoped for and which would elicit a clear-cut U.S. endorsement, according to State Department officials. But Mr. Shultz and others have described it as a step in the right direction.

In private conversation, Mr. Shultz is reported to have cautioned Saudi Arabia that the divisions on Palestinian issues within the two poles of the Israeli unity government — Prime Minister Shimon Peres's Labor Party and Foreign Minister Shamir's Likud — are such that any serious peace drive by the Arabs is likely to cause a political shake-up in Israel.

Some Arabs appear ready to bring Israel's divided sentiments about negotiations to a test. Many Israelis, as well as a succession of U.S. administrations, have asked for such negotiations for a long time.

## Israel Begins Lebanon Withdrawal; Beirut Troops Move to Fill Vacuum

(Continued from Page 1)

bulldozer decorated his rifle barrel with a red rose.

The National Resistance, whose men with their red, green and yellow flag were much in evidence, were expected to use Sidon and the town of Sarfand farther south along the Mediterranean as staging areas for stepped-up attacks against the Israelis.

Military specialists predict that the Israelis may hasten the second phase of their withdrawal, tentatively scheduled for April, by evacuating the area around the Litani River and a pocket around Tyre as well. Instead, they would keep a line farther east running through the area now patrolled by United Nations peacekeeping forces south of the Litani and then northward to Jezzinn and the electronics base atop Mount Baruk.

[Israel Radio reported Sunday that Israeli troops would begin the second stage of the withdrawal in three weeks. The Associated Press reported from Jerusalem.]

Further complicating the Israeli task has been the virtual collapse of their surrogates of the so-called South Lebanon Army, which they clothe, arm and pay for.

The Israelis have acknowledged widespread desertions in its ranks. Other sources reported that the Israelis had told their Lebanese collaborators in Tyre to retreat to safe areas as the National Resistance has singled them out for retribution.

Within minutes of the Israeli rear guard's departure, Lebanese Army units moved in to protect the large Palestinian refugee camps of Ain Helwan on the coastal plain and Mich Mieh, atop the first hills just to the east of Beirut.

As Israeli jets dropped leaflets congratulating their military on

their 32-month occupation and made screaming, low-level passes, Ahmed Hamad, a 40-year-old fisherman, said at Mich Mieh, "This is the happiest day in my life."

Complaining that until last Thursday the Israelis had fired heavy machine guns into Ain Helw, Mohammed Abu Bilal, 25, said he was "happy they have gone, and may rockets and shells accompany them all the way back to the border."

Asked about predictions of violence between rival Palestinian groups loyal to the Palestine Liberation Organization leader, Yasser Arafat, or his pro-Syrian rivals, Mr. Bilal said: "We do not want any foreigners here. Here we are one family, like fingers of a hand."

Despite the euphoria, there are fears that clashes between rival Palestinian groups could ensue. In turn, such violence might ignite fighting among the various Lebanese factions.

But Saturday the mood was decidedly upbeat for Palestinians and Lebanese residents of this city of about 100,000.

"This is a victory for us," Ziad Abdel Jawad, 19, shouted as he drove north toward the Awali River bridge, where the Israelis had made Lebanese wait for days before being allowed to travel 25 miles north to Beirut. "I didn't think this would ever happen."

Watching the crowd cheer itself hoarse as the army deployed along Sidon's main street, a delighted officer said: "The army is going to be all over Lebanon. This is what the people want, and that is the way it is going to be."

Political and religious leaders worked hard to ensure that the reaction to the departure of the Israelis would be orderly.

Fuad Abu Nader, the commander of the Christian Lebanese Forces militia, said recently that the southern Christians would not leave the Jezzinn area to serve as "border guards" for the Israelis along the international frontier.

He said, "If pushed out of their homes, he said, they would go to the main Christian heartland north of Beirut."

That change of heart appeared to reflect the collapse of Israeli dreams of establishing an allied, Christian-dominated Lebanon and the Christians' own growing disillusionment with the Israelis.

### Shooting Because of Flag

John Kijner of The New York Times reported:

At least one incident marred the day. Just across the street from Phalangist headquarters in Abra, a group of about a dozen young men in civilian clothes could be seen in an alley waving automatic rifles, with another man lying on the ground.

Two journalists passing by were ordered brusquely away, but from a little way down the road they heard two bursts of fire from automatic weapons.

Three young women peered out of a shop. "A man came by and tried to fly a Palestinian flag," one said, "so they shot him."

■ **Bomb Kills Israeli**

Guerrillas exploded a 33-pound (15-kilogram) bomb in southern Lebanon on Sunday, killing the first Israeli soldier since the pull-back. United Press International reported from Tel Aviv.

The Israeli Army said the bomb exploded as a convoy passed along a road near the village of Bazouriyeh, four miles east of the port of Tyre. It said three soldiers were wounded and one was killed by the bomb.

## MANAGEMENT SCHOOLS SEMINARS & CONFERENCES

THE INTERNATIONAL CENTER FOR MONETARY AND BANKING STUDIES (GENEVA) announces its

1985 SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT COURSE PROGRAM

May 28 - June 7:

1) NEW DEVELOPMENTS IN SECURITY ANALYSIS

June 10 - 22:

2) PORTFOLIO MANAGEMENT AND PERFORMANCE MEASUREMENT

September 2 - 6:

3) INTEREST AND EXCHANGE RATE ECONOMICS AND FORECASTING

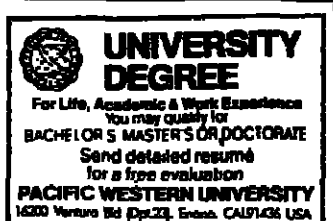
September 9 - 20:

4) BONDS AND FINANCIAL FUTURES

A unique opportunity for all financial analysts, investors, and portfolio managers who seek an exposure to the fundamentals and recent technical developments in the field.

SENIOR FACULTY: E. DIMSON, B. DUMAS, N. SAIDI, S. SCHAEFER, B. SOJNIK, K. WILSON.

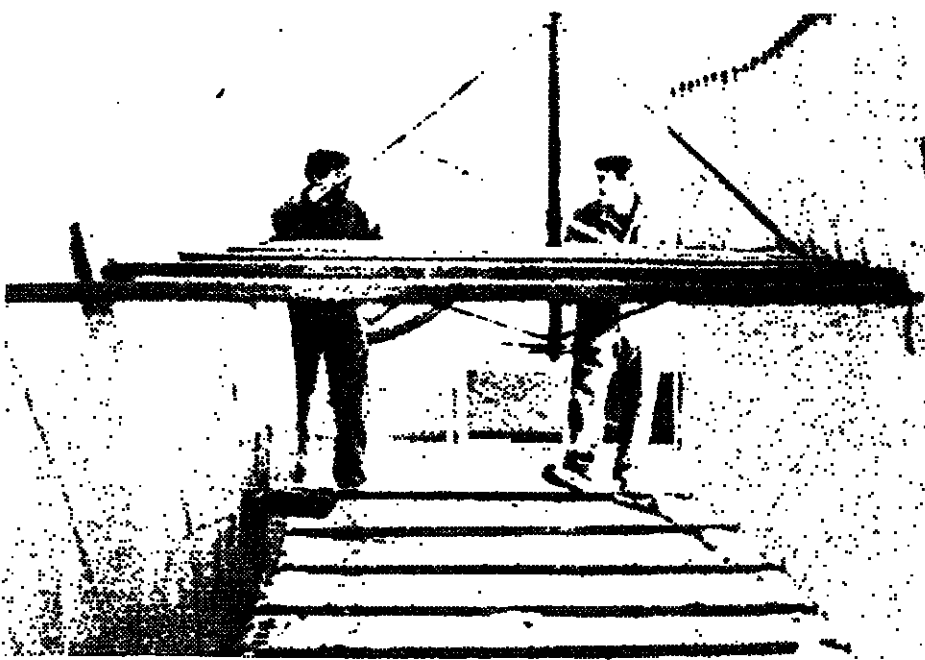
FURTHER INFORMATION: W. Stresemann, ICMS, c.p. 53, CH-1211 Geneva 21, Tel.: (022) 34.89.50 or 34.95.48.



PACIFIC WESTERN UNIVERSITY 1620 Ventura Rd. Dept. 22, Santa Barbara, CA 93103



## AMERICAN TOPICS



**RESTORING HISTORY** — Karl Heinzl, left, and Richard Horigan, who are framed by the wings of the Wright Flyer in the Smithsonian Institution's Air and Space Museum in Washington, are members of a team of experts undertaking the first significant restoration of the aircraft that made the first powered flight. That flight by Orville Wright occurred at Kitty Hawk, North Carolina, on Dec. 17, 1903. The five-month restoration project will include replacing the wing fabric, which has deteriorated.

## U.S. Students Seeking The Quicker Riches

Enrollment in U.S. medical schools, which now number 127, dropped this academic year for the first time since World War II. Enrollment in the 173 law schools fell after steady increases.

With the postwar "baby-boom" generation growing up, the number of high school graduates has been declining steadily since 1978, but not as fast as professional school enrollments.

"If only demographics were involved, we would not have seen a decline like this at this point," said Bruce Zimmer, executive director of the Law School Admission Council. "Young people are looking for short-term payoffs."

Educators say students these days seem less fascinated by professions that already appear to be overcrowded and more enticed by the chance to move quickly into fields such as computer science and engineering without spending time and money to acquire an additional degree. Nine of 10 physicians graduate in debt, owing an average of \$29,000 in student loans.

## Southern Chauvinist Is Eating His Words

Last summer, when Geraldine A. Ferraro was campaigning in Mississippi as the Democratic vice presidential candidate, Jim Buck Ross, the state commissioner for agriculture and commerce, asked her if she knew how to bake blueberry muffins. "I sure can," she said. "Can you?" "Down here in Mississippi the men don't cook," was his memorable reply. Since then, the New York Times reports, Mr. Ross has ended up eating his words, so to speak, having become a much sought-after authority on blueberry muffins. He has been asked to judge them, sample them and even cook up a batch.

The title, of course, is "Down

## Here Men Don't Cook. It is published by Southern Images, Post Office Box 4406, Jackson, Mississippi 39216, at a retail price of \$8.95.

## If You Can't Stand The Heat, Don't Run

Advice to would-be political candidates, from the new edition of "Political Campaign Craftsmanship," by Edward Schwartzman: "There are constant and urgent demands on your time, money, patience and emotions. ... You'll spend hours with people with whom you would not be found under any circumstances except for the need of campaigning. ... All of your volunteers and contributors will feel that they own a piece of you and will act accordingly."

... Your family may have to make appointments to see you. ... Your past will come under careful, hostile scrutiny. Your finances, sexual predilections and business arrangements are constantly reviewed by journalists, civic groups and actual and potential opponents seeking and sometimes creating the worst possible interpretation.

... If you have any doubts at all, you should not campaign for public office. The physical, emotional and financial costs are too high to entertain any reservations."

## Short Takes

Little more than half, or 52.7 percent, of all U.S. couples of childbearing age are physically able to have children, down from 75 percent 20 years ago. That is largely because Americans increasingly are choosing sterilization to limit their families, according to the National Center for Health Statistics. Studies show wives are about twice as likely to undergo surgical sterilization as husbands.

Of the U.S. work force of 113 million, only 2.4 million are farmers, yet the growing threat of indebted farmers losing their land has gripped people around the country like few other matters. As Steven V. Roberts, writing in The New York Times, ex-

plains it, "The issue is so loaded with emotion because the image of rural life, echoing with traditional values and virtues, plays a central role in American mythology. No matter that the modern farmer keeps his books on a computer and plays a stereo tape deck in his tractor. He is still the Noble Yeoman, the rugged individualist who makes democracy possible."

## Notes About People

President Ronald Reagan gets far too much mail to open every envelope, that is done by dozens of staff workers. There is, however, a way to get a letter delivered unopened directly to the president's desk in the Oval Office. That is to send it to a special White House box number that the president gives only to the people closest to him.

Senator Gary Hart of Colorado, whom Walter F. Mondale defeated for the Democratic presidential nomination, is writing a critical book on military policy that will be published late this year or in early 1986, just about the time that Mr. Hart can be expected to announce whether he will run for president in 1988. He has been a member of the Senate Armed Services Committee since 1975 and is a founder of the Military Reform Caucus in Congress.

Jo Ann Smith, 45, has been elected president of the Denver-based, 230,000-member National Cattlemen's Association, representing ranchers in all 50 states. The fifth-generation Florida rancher can mend fences, round up strays and brand calves.

One version of the words reportedly addressed by John Riggins, the Washington Redskins' fullback, to Sandra Day O'Connor, the Supreme Court justice, shortly before he lay down on the floor and went to sleep at a Washington Press Club dinner last month, have been immortalized by Penguin Products of Merrifield, Virginia, which for \$10 is offering T-shirts that read, "Loosen Up, Sandy Baby."

—Compiled by ARTHUR HIGBEE

## Senate Republicans Reject Plan to Abolish Small Business Agency

By Robert Pear  
New York Times Service  
WASHINGTON — Leading Senate Republicans have rejected President Ronald Reagan's proposals to abolish the Small Business Administration and the Job Corps and to restrict eligibility for federally guaranteed student loans. But they have agreed in principle to many other spending cuts.

In the two weeks since Mr. Reagan proposed a budget for the fiscal year 1986, which begins Oct. 1, the attention has shifted to Capitol Hill, where Senate Republicans are studying the president's plans.

Most of the 16 committee chairmen have sent letters to Senator Robert J. Dole of Kansas, the majority leader, and Senator Pete V. Domenici of New Mexico, the chairman of the Budget Committee, assessing various cuts. Mr. Dole and Mr. Domenici had asked for the letters in an effort to get the budget process off to an early start.

Senate Republican leaders have agreed on a goal of reducing federal spending by \$54 billion in the fiscal year 1986 and by a total of \$266 billion in 1986 through 1988.

The letters to Mr. Dole and Mr. Domenici represent the first efforts by committee chairmen to reach this goal. They illustrate basic agreement on the need to reduce the deficit but not necessarily in the ways proposed by the president.

Senate Republican leaders said last week that they would propose eliminating the 1986 cost-of-living adjustments in many benefit programs, including Social Security.

Republicans hold 53 of the 100 Senate seats, and the Senate committee chairmen are all Republicans.

The main responsibility for the budget has fallen to Senate Republicans at this stage because the House of Representatives wants the Senate to take the first action on the budget. Democrats insist that the Republicans take the lead.

The Budget Committee recommends levels of spending for the entire government and for specific activities such as the military, education, health and agriculture. The recommendations guide Congress when it votes on appropriation bills later in the year.

Republicans on the Senate Finance Committee have prepared a detailed list of legislative proposals that could, over the next three years, save \$63.3 billion in programs under the committee's jurisdiction. The programs include Social Security and Medicare and Medicaid, the health programs for 30 million elderly and 22 million low-income people.

Senator Lowell P. Weicker Jr. of Connecticut, chairman of the Committee on Small Business, and Senator Dale Bumpers of Arkansas, the committee's ranking Democrat, have introduced a bill that would reduce the Small Business Administration's \$726-million budget by more than 35 percent next year.

But Mr. Weicker adamantly opposed the president's proposal to abolish the agency and members of the Budget Committee said they would not adopt it.

The Reagan administration's "shortsighted effort to abolish SBA makes no sense," Mr. Weicker said in his letter. "It would eliminate the only agency in the executive branch whose sole mission is to promote and assist the nation's 14 million small businesses."

The White House contends that most small businesses do not require the agency's assistance. David A. Stockman, director of the Office of Management and Budget, said last week that the Small Business Administration was "a billion-dollar waste, a rat hole."

Senator Orrin G. Hatch of Utah, chairman of the Committee on Labor and Human Resources, said he strongly opposed elimination of the Job Corps, a training program created in 1964.

His committee supervises that program, and his position makes it unlikely that the Senate will seek to abolish it, according to members of the Budget Committee. Several other conservative Republicans have joined Democrats in defending the Job Corps.

Senator Robert T. Stafford of Vermont, chairman of the Labor and Human Resources Subcommittee on Education, has forcefully rejected the president's proposal to deny guaranteed loans to college students from families with adjusted gross income of more than \$32,500 a year. He also criticized Mr. Reagan's proposal to establish a \$4,000 annual limit on all types of federal aid, including grants and loans, for any one student.

Senator Bob Packwood of Oregon, chairman of the Finance Committee, said in a letter to Mr. Domenici that "we will meet our responsibility for achieving \$63.3 billion of spending cuts over the three fiscal years in question, if all other major committees agree to meet the cuts required of them."

In his letter, Mr. Packwood did not specify how the savings would be achieved. But details of the proposals were obtained from members of the committee.

By far the biggest item on the list was the omission of the 1986 cost-of-living increase for 36 million Social Security beneficiaries. The committee estimated that that would save \$5.9 billion in the fiscal year 1986 and a total of \$22.5 billion in 1986-88, assuming the annual adjustments resume in 1987.

The list includes these proposals:

- Freezing Medicare payment rates for hospitals in 1986 at 1985 levels.

- Continuing, for a second year, the freeze in Medicare payment rates for physicians.

- Limiting federal grants to the states for Medicaid.
- Reducing special Medicare payments to teaching hospitals for costs associated with the training of doctors.

- Increasing premiums and deductibles for Medicare insurance covering services by physicians.

- Ending the federal revenue-sharing program, which distributes funds to counties, cities and towns, at the end of the 1986 fiscal year.



Paul G. Kirk Jr.

## Democrats Losing South, Kirk Is Told

Washington Post Service

ATLANTA — Paul G. Kirk Jr., chairman of the Democratic National Committee, has met with party leaders of the 13 Southern states, many of whom opposed his election, and was warned that the U.S. national party is weakening strong state and local parties.

Ten state party chairmen were among about 50 people attending the meeting on Saturday. They said a major problem is that the national party is perceived as being captive to special interests, some of which were instrumental in Mr. Kirk's election as chairman.

Mr. Kirk said the proliferation of party caucuses "makes diversity a weakness. And if caucuses are a reflection of politics by separation, that is a formula for defeat."

"We can't succeed if we turn our backs on the coalition that produced victory in the past," he said. "But if we don't succeed as a whole, then no element of the party does."

The Southerners urged the national party to concentrate on issues of major concern to average Americans. They said the party has nominated presidential candidates too liberal to be elected. And they emphasized moderate positions on the economy, a strong national defense and a competitive posture in international trade.

"The Democratic Party in the South is up for grabs right now," said the former governor of Georgia, Carl Sanders. "The Republicans have their best opportunity ever because many people who vote in Democratic primaries for local candidates here feel less commitment to the Democratic Party as such than ever before."

He said the Democratic Party used to be the party of "actors and action, but it is now a party of reaction to Republican initiatives."

## Quebec's Ruling Party Faces Waning Support

## Lévesque's Position Is Challenged As Militancy Gives Way to Apathy

By Christopher S. Wren  
New York Times Service

QUEBEC — This has been a disconcerting winter for the Parti Québécois, which has governed Quebec for more than eight years. The party may be wearing out its welcome unless it can adapt to the newer realities of Canada's largest province.

Several prominent party members defected when the party shelved independence as a political issue at a special convention last month. The party's majority in the Quebec legislature, the 122-seat National Assembly, has since shrunk to a scant four seats.

Another party doctrine, a law ensuring French as the province's only language, is being whittled away by court challenges from the English-speaking minority.

The public opinion polls have lately suggested that the Parti Québécois, which was voted into power in 1976, may lose to the Liberals in the next election.

The mandate of the Parti Québécois to govern does not run out until April 1986, but the Liberals are expected to start submitting no-confidence motions in the current government when the legislature reconvenes next month.

Even Premier René Lévesque, who founded the party when independence was a live issue, is facing pressure from within his own ranks to retire. The militancy of French-speaking Quebecers has given way to apathy, particularly among young people who worry more about jobs than language.

"The Parti Québécois is a theology that became a political party," said Lauren Laplante, a prominent radio commentator in Quebec City. "They might survive as a political party, but it's not a theology anymore. They've lost the golden touch."

As the winds from the ice-clogged St. Lawrence River sweep through this historic city, political conversation dwells upon whether the Parti Québécois is an idea whose time has come and gone.

"What's happening is a groping for the center, which is not necessarily promising for stability," said Claude Ryan, the senior legislator of the opposition Labor Party in Quebec's National Assembly.

Party stalwarts like Bernard Landry, Quebec's minister for international affairs and external trade, are not exclusively pessimistic about prospects for staying in power. "We are proud to be the victims of our own success," he

said. "It's always unwise to sell short the Parti Québécois."

"This is the time of collecting the dividends of the Quiet Revolution," Mr. Landry said, using the term applied to the changes made by French-speaking Quebecers since the 1960s. "I could say now that the influence and power in business are in the hands of Quebecers. Now there are multinational corporations that are Québécois."

Critics of the Parti Québécois complain that its promotion of French drove away people and businesses.

A French-speaking Quebec businessman said it was harder to borrow investment capital once English-speaking financial institutions had been antagonized and moved out. By one estimate, 210,000 English speakers left Quebec from 1966 to 1981.

Gerald Godin, Quebec's minister for culture and immigration, said: "The French language is like a flag. It is as sacred to us as the Stars and Stripes is to Americans."

Because the party's legislation, known as Bill 101, guaranteed Quebec's French speakers the right to speak French instead of English, Mr. Godin said: "They no longer see the reasons why we passed the law. It's only a matter of time before Bill 101 is unnecessary and is dropped like a ripe fruit."

Mr. Lévesque has stayed aloof from such issues since he returned from a vacation in the Caribbean, where he was recovering from what his doctors diagnosed as exhaustion.

There has been speculation that Mr. Lévesque is weary of politics. But he recently said he would stay on and confront the question of his leadership at a party caucus on Tuesday and Wednesday.

Recent opinion polls have shown that Mr. Lévesque would not win the next election against Robert Bourassa, the Liberal Party leader in Quebec, but that Pierre-Marc Johnson, 38, his justice minister, could, Mr. Johnson, who has remained publicly loyal to Mr. Lévesque, says he feels the Parti Québécois must outgrow its image of single-issue separatism.

In 1980 voters rejected by a 60-40 margin a request by the Parti Québécois for a mandate to negotiate some sovereignty with the federal government. Most recent opinion polls have shown that barely a fifth of Quebecers want such sovereignty association.

# MORE LOCATIONS. FEWER DISLOCATIONS.

"That's the difference with Standard Chartered"



Success in international business has a lot to do with having the right connections. And very few banks indeed can offer you as many as Standard Chartered.

As one of Britain's largest banks, and specialists in international business, we have over 2000 branches in more than 60 countries. All linked by common systems and the latest in telecommunications technology. And all staffed by people to whom international trade is a way of life.

The result is that when you deal with Standard Chartered, you deal with people who understand your

problems—and can supply solutions.

Delayed payments become an occasional rarity, rather than a constant headache. International cash management that enables you to use funds more efficiently becomes a reality rather than an objective.

And whether you need a more competitive foreign exchange dealing service, better-tailored trade finance, or more productive advice and introductions around the world, you'll find the service you want under one roof.

Ours.

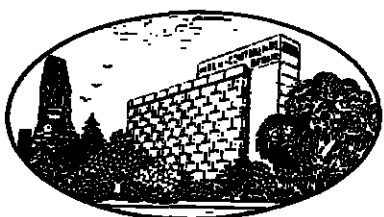
## Standard Chartered

Direct banking, worldwide

Standard Chartered Bank Head Office 10 Clements Lane, London EC4N 7AB

In Berlin  
there's one superlative hotel  
with complete facilities  
for business and leisure.  
And only one.

HOTEL  
INTER-CONTINENTAL  
BERLIN



THE ADVANTAGE IS INTER-CONTINENTAL  
INTER-CONTINENTAL HOTELS

Budapester Strasse 2, Berlin. (030) 26020, Telex: 184380  
For reservations call: London: (01) 491-7181.  
Paris: (01) 742-07-92, Amsterdam: (020) 262021

## Nixon Reportedly Met Secretly With Viet Cong in 1964

New York Times Service

NEW YORK — Richard M. Nixon, while on a private trip to Vietnam in 1964, met secretly with Viet Cong and captured five U.S. prisoners of war for bars of gold, according to an account ascribed to one of his U.S. Army bodyguards on the secret mission. The account portrays Mr. Nixon, in army fatigues with no identification, being flown by helicopter to a jungle meeting with a Viet Cong lieutenant to "establish a rice" for the captives' freedom. The incident is recounted in the catalog of a Massachusetts author-dealer describing a note of thanks said to have been written by Mr. Nixon to the bodyguard. Several other dealers said the note appeared to be authentic.

The undated note said, "To Hols Kimmons with appreciation for protection of my helicopter ride in Vietnam, from Richard Nixon." The note and accompanying material were recently sold to a private collector reportedly for about \$500.

The prisoners who were reportedly freed in the exchange were not identified. Nor was it made clear whose behalf Mr. Nixon may have been acting.

## Last at Army Base in Corsica

The Associated Press

AJACCIO, Corsica — Three bombs set by six armed and hooded men exploded Sunday in the Ajaccio headquarters of the army's 5th Division, causing serious damage but no injuries, authorities said.



## An Ugly Conclusion Mars Chess Match

Game Russians See as Formative  
Of Good Character Is Tarnished

By Celestine Bohlen  
Washington Post Service  
MOSCOW — Last fall, when the world chess championship in Moscow was in its early days, an article appeared in a newspaper for Communist youth about the value of the game for young minds.

It told of how 12,000 students in the town of Norilsk were learning

chess at school, using boards they made themselves in woodwork classes, taught sometimes by their parents in the absence of qualified coaches. This, concluded the author, is all for the good.

"Chess lessons help children to study better," it said, because "it encourages a firmness of character, agility of mind and a quick and logical intellect."

Friday's performance at the Hotel Sport, starting a haggard world champion and a defiant challenger, revealed another side of chess.

The world championship match between the champion, Anatoli Karpov, and Gary Kasparov was ended after a five-month marathon in circumstances that one chess specialist described simply as "dirty."

In the view of some analysts, the struggle over the championship match was also a reflection of the tenacity of the Soviet chess establishment, and its loyalty to Mr. Karpov, the man who has kept the title of world champion under the Soviet flag since 1975, by fending off a challenge from Viktor Korchnoi, a Soviet defector, in 1978 and 1981.

From around the world, expert opinion has held that the decision by the International Chess Federation president, Florencio Campomanes of the Philippines, to cancel the match and start again at 0-0 favors Mr. Karpov.

While still ahead, 5-3, with one victory needed to retain his title, the champion had visibly weakened under the strain of the match, losing more than 22 pounds (10 kilograms) and failing to win a game since Nov. 24.

The major reason for the prolonged match, which included a record 40 draws, was the scoring system. In previous championship tournaments, a victory counted one point and a half point was awarded for a draw; but in this match nothing was given for draws.

While the news of Friday's "brouhaha," a word used by Mr. Campomanes at one point during a

highly charged press conference, made the front pages in foreign newspapers, Soviet papers Saturday kept their information to a minimum.

The match was annulled by the president for the good of the two players, for the good of chess, a new match will be held after a meeting of the chess federation in August. That was the extent of the story on the back page of the Communist daily newspaper Pravda.

The Soviet press agency Tass elaborated Saturday on the reasons for the decision and quoted the chief arbiter of the match, Svetozar Gligoric of Yugoslavia, as saying that Mr. Campomanes's decision was "absolutely justifiable."

"I believe Karpov and Kasparov are really very tired," Tass quoted Mr. Gligoric as saying, adding that this was quite understandable "after such a marathon battle."

However, Mr. Kasparov, at 21 the youngest man ever to play in a world championship, appeared perfectly fit Friday as he made an appeal to keep playing.

Of the three arbiters of the match, Mr. Gligoric was the only non-Soviet citizen and, according to chess experts, his consent to the Campomanes decision has outraged chess circles in Yugoslavia.

For die-hard fans, particularly those backing Mr. Kasparov, the official explanation was not sufficient, although they too had to admit that they had grown weary of the draws.

As one fan said: "Kasparov had just won, not once but twice. He had come back from 5-0; it was his time."

While nothing was printed in Moscow about Mr. Kasparov's angry denunciation of Friday's "performance," word nonetheless got around.

The Russian love of chess is an old story. But in the Soviet Union, the game's popular appeal has spread beyond those of Russian nationality. In Armenia, there is a chess school named after Tigran Petrosian, that Soviet republic's native world champion. Mr. Kasparov received his early training in the republic of Azerbaijan, although he is half Armenian, half Jewish.

For Soviet officialdom, chess has become a matter of national honor. The same is true of other sports and in the arts: The Soviet system is able to find talent at an early age, develop it, and nurture it until it



Gary Kasparov, the discontented challenger, as the cancellation was announced.

can go on the world stage and carry off international prizes.

Chess, being in some ways a Soviet national pastime, has long had a special political dimension. Since 1927, the men's world title has stayed in Soviet hands with only two lapses — in the 1930s when Max Euwe of the Netherlands held it for three years and from 1972 to 1975 when the brilliant but erratic American, Bobby Fischer, reigned.

Mr. Fischer earned a special place in Soviet chess memory. On the wall of the game room at the Moscow Chess Club, his is the only picture of a non-Soviet citizen. He is also the idol of Mr. Kasparov, who is said to share his bold, attacking style.

Since Mr. Fischer's days, some here say that Soviet determination to hold the crown has only grown. The challenge to Mr. Karpov by Mr. Korchnoi, a defector, elevated the struggle, turning Mr. Karpov into something of a national hero, an upholder of the Soviet way against a man viewed as a traitor.

This year's match, between two Soviet citizens, both of whom are members of the Communist Party, had at first seemed dull compared to the fireworks of the Karpov-Korchnoi battles or, before that, the face-off between Mr. Fischer and Boris Spassky.

But even with both players playing under the same flag, high emotions — and some say politics, albeit of a different sort — again erupted to overshadow this most silent and intellectual of games.

## Chess Experts Are Critical Of Cancellation of Match

The Associated Press

LONDON — Several international chess grandmasters, including a former president of the ruling body of chess, have criticized the cancellation of the world championship match and accused the Russians of engineering the move.

A Soviet defector and grandmaster, Viktor Korchnoi, said the Soviet chess authorities wanted the championship match, the longest in history, halted to ensure that the champion, Anatoli Karpov, an ardent Communist, was not beaten by his challenger, Gary Kasparov.

When the match was halted, the score was 5-3 in Mr. Karpov's favor. Although Mr. Karpov needed only one more victory to retain his title, Mr. Kasparov had won the two most recent games.

Mr. Korchnoi told The Associated Press in Geneva that the president of the International Chess Federation, Florencio Campomanes, a Filipino, who announced the decision, was a "scapegoat" for Soviet chess authorities.

"Not able to stop it themselves, they somehow, I don't know how, persuaded Campomanes to stop the championship match," said Mr. Korchnoi, who now lives in Switzerland.

"According to me, Kasparov won the match. It is clear he was willing to continue the match, while Karpov needed a break."

World-class players at a competition in the Icelandic capital, Reykjavik, were also skeptical.

A former federation president, Fridrik Olafsson of Iceland, said he regarded Mr. Campomanes's behavior as "very mysterious."

"Something wrong is going on in Moscow," Mr. Olafsson was quoted as saying in an interview with Iceland's main newspaper, Morgunblaðid.

"Campomanes should be called Karpovmanes," said Boris Spassky, a former Soviet world champion who now lives in France. He described Mr. Campomanes's decision as "very strange" and accused the official of being biased in favor of Mr. Karpov.

In Geneva, Mr. Korchnoi urged members of the federation to "get together and declare Kasparov the winner."

"If one is unable to survive a match because of stress, weak health and so on, he is a loser," said Mr. Korchnoi.

## Reagan Calls Nicaraguan Rebels 'Brothers' and 'Freedom Fighters'

By Bernard Weinraub

New York Times Service

SANTA BARBARA, California — President Ronald Reagan, seeking congressional support for aid to Nicaraguan rebels, has called the insurgents "our brothers." In a radio speech on Saturday, he compared U.S. support for them to the aid foreigners gave the American colonies during the American Revolution.

"We must remember that if the Sandinistas are not stopped now, they will, as they have sworn, attempt to spread communism to El Salvador, Costa Rica, Honduras and elsewhere," he said.

An administration official, speaking to reporters after the speech, said that the continuing "delivery of offensive weapons" to Nicaragua from Eastern Europe "could even pose a strategic threat to the United States."

Congress agreed last year to appropriate \$14 million for the Nicaraguan rebels in the current fiscal year, but said the money could not be spent until the lawmakers specifically voted to release it sometime after Feb. 28.

In his speech, Mr. Reagan compared U.S. support for the rebels to the aid that foreigners gave to American revolutionaries fighting the British.

"Time and again we've aided those around the world struggling for freedom, democracy, independence and liberation from tyranny," Mr. Reagan said. "In the 19th century we supported Simon Bolivar, the great liberator. We supported the Polish patriots, the French Resistance and others seeking freedom."

"It's not an American tradition to turn away, and lucky for us that those who loved democracy 200 years ago didn't turn away from us," he said.

Mr. Reagan cited Lafayette, "who helped defeat General Cornwallis and assure the British surrender at Yorktown."

"And now the free people of El Salvador, Honduras and, yes, Nicaragua ask for our help," he said.

"There are over 15,000 freedom fighters struggling for liberty and democracy in Nicaragua and helping to stem subversion in El Salvador," he said.

"They are our brothers," he said. "How can we ignore them? How can we refuse them assistance when we know that ultimately their fight is our fight?"

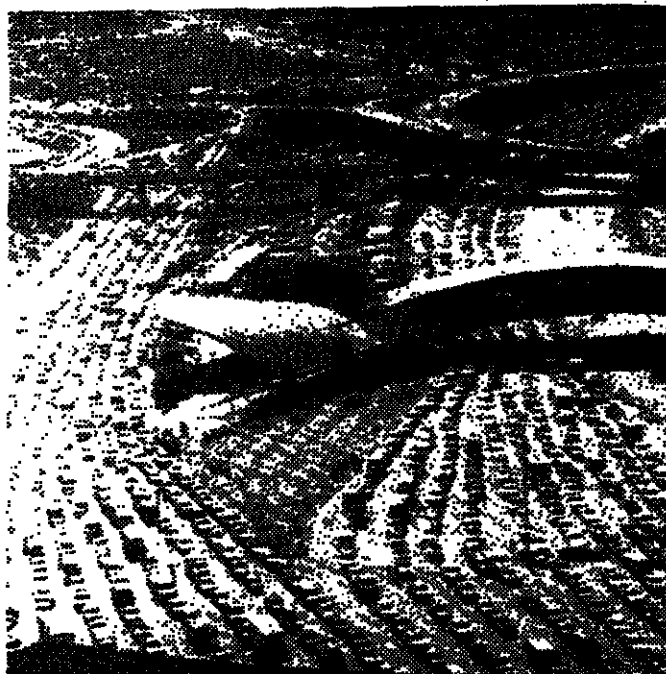
After Mr. Reagan's speech, an administration official said that Soviet-bloc nations have stepped up military shipments to Nicaragua. An estimated 10,000 members of Soviet, Cuban, East German, Bulgarian, Libyan and Palestine Liberation Organization forces

were also in Nicaragua, he said.

Mr. Reagan's speech was highlighted by some especially tough language.

"After the Sandinistas imposed a brutal dictatorship," he said, "they moved quickly to suppress internal dissent, clamp down on a free press, persecute the church and labor unions and betray their pledge to hold free elections."

"Now, they're exporting drugs to poison our youth and linking up with the terrorists of Iran, Libya, the Red Brigades and the PLO," he said. "The Sandinistas aren't democrats but Communists, not lovers of freedom but of power, not builders of a peaceful nation but creators of a fortress Nicaragua that intends to export communism beyond its borders."



Traffic was stacked up over the weekend at the crossing point between Mexico and San Ysidro, California, as authorities searched for clues to the disappearance of a U.S. narcotics agent in Guadalajara, Mexico. Delays of more than seven hours were reported at the border.

## 2 More Americans Reported Missing In Guadalajara, Bringing Total to 7

Los Angeles Times Service

GUADALAJARA, Mexico — The disappearance of two more Americans, following the abduction of a U.S. drug agent, has been reported to police here by friends who said the missing men have not been seen for more than two weeks.

A spokesman for the American Consulate confirmed Saturday that U.S. officials were aware of the case of John Walker, an American resident of Guadalajara, and Alberto Radelet, who was visiting Mr. Walker from the United States.

On Feb. 7, an agent of the U.S. Drug Enforcement Administration, Enrique Camarena Salazar, and a pilot who had worked for the agency were abducted. [The new report raised to seven

the number of Americans who have disappeared in recent months in Guadalajara, Alan Rogers, a U.S. Consulate spokesman, told The Associated Press on Saturday.]

A friend said Mr. Walker was a Vietnam veteran from Minnesota who had been living in Guadalajara for about a year on his military disability pension.

Officials said they knew of no connection between the disappearances and the kidnapping of Mr. Salazar.

Mr. Salazar, 37, was seized by armed men just a few yards from the U.S. Consulate, moments after leaving the building to meet his wife for lunch. He was seen being put into a waiting car that sped away.

# Subscribe and Save 50%



## 2 FOR 1

If you purchased this Trib at a newsstand, you're already enjoying a rare bargain — the whole world in just a few tightly-written, fact-packed pages.

But why not double your bargain by subscribing to the International Herald Tribune and saving up to half the newsstand price? With our low-cost subscription rates, you can double your value and enjoy almost twice as many Tribs, and each for a price which is no more than you have to pay for a cup of coffee.

Think of it. The combined editorial product of hundreds of the world's finest journalists in every corner of the planet — available to you for such a relatively modest expenditure.

Subscribe now, and we'll speed bargain-price Tribs to your home or office day after day.

Just fill out the coupon below and mail. For maximum savings, subscribe for a full year. This cut-price subscription offer is for new subscribers only.

Subscribe to the IHT today and save up to half the newsstand price. For new subscribers only. To: Subscription Manager, International Herald Tribune, 181 avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Tel.: 747.07.29. Telex: 612832.

Yes, I would like to accept your bargain offer. Please send me the IHT each day from the printing site nearest me, for the time period and at the reduced price circled on this coupon.

Please circle below the reduced subscription price selected. For new subscribers only. (Rates valid through April 30, 1985.)

Country	Currency	1 year	6 mos	3 mos
Austria	S. Sch.	3,290	1,810	880
Belgium	B. Fr.	3,820	2,050	1,000
Denmark	D. Kr.	1,800	950	410
Finland	F. Mk.	1,120	580	308
France	F. Fr.	1,000	500	250
Germany	D. Mk.	418	209	115
Greece	Dr.	92	41	21
Great Britain	£	12,400	6,200	3,450
Ireland	£ Ir.	104	52	29
Italy	Lire	216,000	108,000	59,000
Luxembourg	L. Fr.	7,320	3,650	1,800
Netherlands	Fl.	490	255	124
Norway	N. Kr.	1,160	580	320
Portugal	Esc.	11,800	5,900	3,080
Spain	Ptas	17,400	8,700	4,800
Sweden	S. Kr.	1,160	580	320
Switzerland	S. Fr.	372	188	102
The rest of Europe, North Africa, former French Africa, U.S.A., French Polynesia, Middle East	S.	284	142	78
Rest of Africa, Canada, Latin America, Gulf States, Asia	S.	368	188	109



☐ My payment is enclosed (Check or money order to the IHT).

Please charge my:

☐ Access ☐ Eurocard  
☐ American Express ☐ Mastercard  
☐ Diners Club ☐ Visa

Card account number:

Card expiry date: \_\_\_\_\_

Signature: \_\_\_\_\_

My name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

Country: \_\_\_\_\_

Tel. N°: \_\_\_\_\_

Job/Profession: \_\_\_\_\_

Nationality: \_\_\_\_\_

Company/Agency: \_\_\_\_\_

18-2-85



## Beirut Caller Reports Islamic Jihad Intends To Kill U.S. Hostage

By Ihsan A. Hijazi  
New York Times Service

BEIRUT — A caller claiming to represent the Islamic Jihad terrorist organization has said that it has sentenced one of four American hostages held by the group to die.

The statement, made by an anonymous caller who telephoned a Western news agency in Beirut on Saturday, came on the day that Muhammad Ali, the U.S. former world heavyweight boxing champion, arrived to try to secure the release of the Americans, who were kidnapped over the last year.

The caller also insisted that Jeremy Levin, a U.S. television reporter who had also been a hostage, did not escape as he said but was freed by his captors after intervention by a noted American Islamic personality and after Islamic Jihad had ascertained that he was not involved in any activity against it.

The caller, who spoke in Arabic with a Lebanese accent, said of Mr. Levin's own report that he escaped: "He certainly is crazy because it is very difficult to get out from the place he was in."

Mr. Levin, the Beirut bureau chief for Cable News Network, flew to Frankfurt from Damascus, on Friday after he turned up near Baalbek in Syrian-controlled eastern Lebanon on Wednesday.

The anonymous caller said the decision to free Mr. Levin was made by an "Islamic court."

The court, he said, had sentenced one of the hostages to death.

Asked who the condemned man was, the caller replied: "When he is

executed you will all know about it."

He said Mr. Levin's release was in line with a promise made earlier by the Islamic Jihad organization not to harm U.S. journalists.

The caller's reference to an American Islamic personality is believed to be to Mr. Ali, who is a Muslim.

An aide to Mr. Ali said he would seek the release of the four hostages — a diplomat, two ministers and an employee of the American University of Beirut — and a Saudi Arabian official believed to have been abducted by the same group.

### Levin Pronounced Fit

A U.S. Air Force doctor pronounced Mr. Levin in "good health" on Saturday despite the 11 months he reported spending chained in solitary confinement in Lebanon. The Associated Press reported from Frankfurt.

"Today, Mr. Levin is in good health and there should be no reason to curtail his return to the United States," said a statement by a spokesman for the U.S. Air Forces in Europe.

Mr. Levin, 52, was admitted to hospital for a routine checkup late Friday after arriving at the Rhein-Main Air Base in Frankfurt from Damascus aboard an executive jet.

After a welcome from his wife, Lucille, and other family members, Mr. Levin was driven to the hospital in Wiesbaden, about 20 miles (32 kilometers) west of Frankfurt.

Mr. Levin said he felt "fantastic, just fantastic."



Jeremy Levin, the Cable News Network correspondent in Lebanon who reappeared last week after 11 months in captivity, was greeted by his wife, Lucille, in Frankfurt on Friday.

## U.S. Cancels 2d Military Exercise With New Zealand; Ties Reviewed

By Bernard Gwertzman  
New York Times Service

WASHINGTON — The United States has canceled a second set of military exercises with New Zealand and said all security relations with the Pacific ally were under review.

The latest move was cancellation of anti-submarine exercises near Hawaii on Feb. 28. New Zealand was informed by Washington on Thursday night, the New Zealand defense minister, Frank O'Flynn, said Saturday morning in Wellington. The action was confirmed Saturday by State Department officials, who said a fuller statement would be made this week.

State Department officials said Saturday that the entire security relationship with New Zealand was under review. They predicted that virtually every military tie with New Zealand would be curtailed to show that Washington did not believe a country could have an alliance with the United States and avoid its full responsibilities.

Washington is also considering ending the policy of exchanging intelligence information with New Zealand, officials said.

The administration has said it will not impose economic sanctions on New Zealand, but will not strongly argue New Zealand's case when members of Congress seek to end special trade preferences on such commodities as lamb and caviar, a cheese and milk protein used in food and industrial products.

The dispute with New Zealand sharpened recently when Prime Minister David Lange refused per-

mission for a port call by an American destroyer because his Labor government has an anti-nuclear policy that forbids visits by ships carrying nuclear weapons.

The United States, as its practice, refused to say whether the ship, the Buchanan, carried such weapons.

In response, the Reagan administration announced cancellation of joint exercises with its ANZUS pact allies, Australia and New Zealand, that had been scheduled for Australia's east coast.

Secretary of State George P. Shultz said that although New Zealand remained "a friend" of the United States, it was not behaving as an ally should and Washington

would have to adapt its policies to this development.

Although the ship visit in itself was a minor matter, State Department officials have viewed the denial of port privileges as a major rupture in the alliance. They said it was unacceptable that the United States be forced by an ally to curb its nuclear deterrent force at a time when there are no similar constraints on Soviet forces.

Since the ANZUS pact is primarily a maritime alliance with ships and planes from the three countries patrolling the South Pacific, the administration has said that by depriving the United States of port calls, the New Zealand government has changed the "operational" character of the alliance.

## Union Carbide Blamed For Lapses in Bhopal

Compiled by Our Staff From Despatches

NEW DELHI — The Indian government has blamed a series of lapses by Union Carbide Corp. at its pesticide plant in Bhopal for triggering the accident that killed more than 2,000 people.

A study published Saturday by the Chemicals and Fertilizers Ministry said the company flouted safety requirements and did not adequately train its employees at the plant. Besides the fatalities, tens of thousands of people were injured in the Dec. 3 accident, which involved a leak of methyl isocyanate gas.

The report said that Union Carbide, despite previous accidents in the plant involving leakage of phosgene, a chemical intermediary in the manufacture of methyl isocyanate, did not improve safety standards or prepare a contingency plan for a disaster.

It also said that residents near the plant were not advised about elementary precautions in the event of leaks.

"Had that been done, the immense sufferings caused would have been substantially reduced," the ministry said.

The report said preliminary findings by government scientists indicated the catastrophe was caused by the entry of a foreign substance, possibly water, into an underground tank.

The report said the factory management did not immediately inform the local authorities when the gas leak occurred.

Plant officials did not know the exact quantity of methyl isocyanate stored in the factory nor could they suggest a treatment for gas inhalation, the study said. After the accident, it was discovered that 22 metric tons (24 short tons) of methyl isocyanate remained in the underground plant tanks, not 15 metric tons as Union Carbide had claimed, the ministry said.

The ministry said the authorities were considering establishment of a national scientific and medical committee for a study of the side effects caused by the gas.

A study by Bombay's Tata Institute of Social Sciences said last week that more than 1,000 people were blinded by the gas. A team of Bhopal doctors, however, said there had been no cases of permanent blindness.

More than 1,000 demonstrators marched Saturday in Bhopal to demand the closure of the Union Carbide plant and better relief measures for victims.

The demonstrators marched 6 kilometers (3.7 miles) from the plant to the center of town and shouted, "Carbide's bloody claws, twist them, break them," and "This factory won't work."

Medical officials in Bhopal said Union Carbide had done little to

help more than 15,000 people still suffering from effects of the poison. The company denied the allegations.

"We got no medical help whatsoever from Union Carbide," said Dr. Ishwar Das, assistant health secretary in the state of Madhya Pradesh, where Bhopal is located. "Actually, the company added to our problems by issuing misleading and confusing information."

A Union Carbide spokesman said the company had distributed medical supplies to the injured.

But Dr. N.R. Bhandari, superintendent of Hamidia Hospital in Bhopal, said: "It was a drop in the ocean. The medicine from the company did not make much difference."

Dr. Bhandari estimated that about 1,500 people seek treatment at city hospitals and clinics each day for injuries from the gas. He said at least 41 people remained hospitalized. (AP, UPI)

## African Famine May Continue, Researchers Say

The Associated Press

WASHINGTON — Population-induced climatic changes and long-term soil erosion may perpetuate for years the African famine, a research group said Saturday.

The Worldwatch Institute, in its annual "State of the World" report for 1985, called the starvation in Africa a forewarning that the earth's resources may be incapable of supporting a global population approaching five billion people. As many as a million people are believed to have died last year in Ethiopia alone.

"A scenario is unfolding in Africa where population growth may be driving a climatic change leading to a reduction in rainfall and, ultimately, food production," the Washington-based institute said.

The institute's president, Lester Brown, said only a combined tree-planting, soil conservation and family planning effort "equal to the Allied powers mobilization in World War II" might reverse what he called the desiccation of Africa.

## Senegal Leader in Morocco

The Associated Press

MARRAKECH, Morocco — President Abdou Diouf of Senegal arrived here Saturday for private talks with King Hassan II of Morocco, ending a two-year rift between the two nations caused indirectly by the conflict over control of the Western Sahara.

## Israeli Pullout: Element of Surprise Leads to Smooth Sidon Withdrawal

By Edward Walsh  
Washington Post Service

KFAR FALOUS, Lebanon — The last Israeli convoy to leave Sidon Saturday consisted of 38 vehicles, about 300 soldiers and two dogs. The dogs were named Vodka and Esther.

Shortly after 2 P.M., about three hours after they began moving out of Sidon, the convoy passed this point about six miles (10 kilometers) east of the Lebanese port city, picking up mud as the heavy vehicles lumbered along a rain-swept mountain road.

From a nearby hillside, employees of the Hariri Medical Center, a huge, modern complex that looks out of place in the mountain countryside, watched silently as the last of the Israeli soldiers left.

With that, Israel's occupation of Sidon and the surrounding countryside, which has gone on for two-and-a-half years, came to an end. The final hours passed quietly, except for the growl of the engines of 25 armored personnel carriers, five jeeps, five trucks and three tanks that moved in procession through mist and low-hanging clouds.

The pullback from Sidon was the start of a planned three-stage withdrawal from southern Lebanon that the Israeli Cabinet approved Jan. 14. The timing of the second and third stages has not been set, but on Saturday Israel stopped pulling out of Sidon, the largest city in southern Lebanon with a population of about 100,000.

Israeli military officials said the first stage of the pullback was accomplished without incident. Israeli officials had said earlier that they had information that Lebanese Shiite Muslim militias were planning to disrupt the pullback.

In an apparent attempt to surprise the local militias, the Israelis pulled out of Sidon two days earlier than scheduled, and on the Jewish Sabbath. They may have also benefited from the weather, which shrouded the mountains east of Sidon in rain and fog.

"From our point of view, everything goes well," Defense Minister Yitzhak Rabin said a few minutes before the convoy rumbled by. "What happens in Sidon will be the sole responsibility of the Lebanese government."

Mr. Rabin repeated complaints that the Lebanese government refused to cooperate with Israel for an "orderly transfer" of the area evacuated Saturday. Despite that obstacle, he said, Israel "found ways to cooperate with the Lebanese Army on a local level," suggesting that Israel played a role in the immediate entry of Lebanese Army units into Sidon after the Israeli pullback.

Saturday's withdrawal from the Sidon area was the second major Israeli army pullback in Lebanon since June 1982 invasion. The first, the abrupt September 1983 withdrawal from the Chuf Mountains southeast of Beirut, was followed by bloody clashes between Lebanese Christian and Druze militias.

The Israelis were widely accused of exacerbating the Chuf conflict by their sudden departure. This time, the Israelis gave five weeks' notice of their intention to withdraw and said repeatedly that they would not be held responsible for what happened after they left.

Nevertheless, when the time for the final move came, it happened quickly. Israeli bases in the area had been dismantled weeks ago, and all heavy equipment was moved south, leaving relatively few combat units to patrol the roads and villages.

These last soldiers received the order to prepare for the final withdrawal at about 8 A.M. Saturday. Two hours earlier, the Israelis had notified United Nations officials in southern Lebanon, the U.S. Embassy in Tel Aviv and the Lebanese government when the pullout would take place.

Late Saturday morning, Mr. Rabin and the Israeli Army chief of staff, Lieutenant General Moshe Levi, flew by helicopter to Buxata, a large Israeli base that overlooks the Awali River bridge on the Lebanese coastal highway just north of



An Israeli soldier waves farewell as his unit leaves the Sidon area in southern Lebanon.

Sidon. It was from Buxata that most of the soldiers in the last convoy, preceded by Mr. Rabin and Mr. Levi, left the area.

Both men said they realized this initial pullback would not lessen the attacks on Israeli soldiers in southern Lebanon, which recently have become most intense in the area to the south of Sidon that will

not be evacuated until the final stage of the withdrawal.

"The area is infested with terrorists and terrorism," Mr. Rabin said. "There will be an increased number of terrorist attempts."

The long-awaited withdrawal from the Sidon area meant different things to different people.

One man, who did not give his name, said: "We don't want the

Israelis here. We are happy to see them go."

The Israeli soldiers shared his feelings, if for different reasons. They were subdued as the last convoy went around a curve in the road beneath the medical center, but they shed their reserve as they reached Mashaqa, site of a dismantled Israeli base where the convoy vehicles were loaded onto flatbed trucks for the trip home.

The soldiers embraced each other and laughed. They grabbed one of the three telephones in Mashaqa that were connected to lines in Israel to call home.

Vodka and Esther, the dogs the soldiers had adopted at Buxata, scampered among the rows of parked armored personnel carriers. They, too, were going to Israel, one of the soldiers said.

would not come to the support of the guerrillas with its threatened "second lesson" for Hanoi.

But they did not rule out an increase in Chinese attacks along the border with Vietnam.

Xinhua said the Cambodian guerrillas had escaped into the interior to harass Hanoi's supply lines, and that Vietnamese troops would find it impossible to hold what they had captured.

[The Associated Press reported from Bangkok that the Vietnam News Agency said Chinese artillery barrages, targeted against villages as deep as eight miles (13 kilometers) inside Vietnam, have killed 14 civilians and wounded many others in recent days.]

[The official press agency said the latest barrage occurred Saturday, when 200 rounds were fired into Tri Phuong village of Lang Son province, destroying many houses and killing domestic animals.]

[More than 1,500 rounds fell on hamlets along the border Friday, while Chinese troops dug trenches and built fortifications in the frontier area, "making the situation there very tense," the report said.]

## Sihanouk Urges China to Attack Vietnam Now

By William Branigin  
Washington Post Service

BANG SAEN, Thailand — Prince Norodom Sihanouk, the head of a coalition of Cambodian resistance groups fighting the Vietnamese, has called on China to make good its pledge to teach Hanoi a "second lesson" after a series of major defeats by the guerrillas.

"We want China to teach Vietnam a second lesson now," Prince Sihanouk said Saturday in an interview at this resort on the Gulf of Thailand.

The former Cambodian head of state referred to a promise that he said was given him in October in Beijing. He said two Chinese leaders, Deng Xiaoping and Hu Yaobang, pledged to maintain military pressure on Vietnam's northern border and to "punish" the Vietnamese if the Cambodian guerrillas suffered battlefield reverses.

China invaded Vietnam for several weeks in early 1979 in what Beijing described as a "lesson" after Vietnamese forces invaded Cambodia and drove out the Chinese-backed Khmer Rouge Communist government.

The Khmer Rouge and two non-Communist resistance groups, one loyal to Prince Sihanouk and a



Prince Norodom Sihanouk

larger one led by Son Sann, since have been fighting the Vietnamese occupation as part of a shaky, UN-recognized coalition government.

The prince said he and the two other resistance leaders, Son Sann of the Khmer People's National Liberation Front and Khieu Samphan of the Khmer Rouge, wanted China to move now "since now it appears that the situation of the

armed resistance in Cambodia is getting bad." He added, "We are not in a desperate situation, but a bad situation."

[UN relief officials Sunday began trucking about 40,000 Cambodian civilians from a temporary evacuation site at Khao Sarapi, Thailand, to a safer area farther south along the border. Reuters reported from the area.]

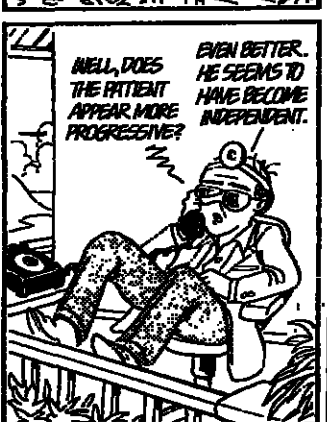
Only Prince Sihanouk's group, the National Sihanoukist Army, has escaped attack. But he said he feared its one base, at Tanum on the northern Cambodian border, where he said about 5,000 guerrillas were camped, could become "desert" for the Vietnamese.

### China: Offensive Failed

Reuters reported from Beijing: China said Sunday in a statement by the official Xinhua press agency that Vietnam's offensive in Cambodia was a complete failure despite the capture of guerrilla bases.

Western diplomats in Beijing said the statement, coming on the sixth anniversary of China's attack on Vietnam, indicated Beijing

### DOONESBURY



**SKY CHANNEL**  
BROADCASTING TO CABLE COMPANIES  
IN EUROPE & THE UK VIA SATELLITE

PROGRAM, MONDAY 18th FEBRUARY

UK TIMES	THE PHOENIX TEAM
13.35	NEW ANIMAL WORLD
14.30	SKY TRAX 1
15.45	SKY TRAX 2
16.30	SKY TRAX 3
17.30	MR. ED
18.00	THE LUCY SHOW
18.30	THE GREATEST AMERICAN HERO
19.30	VEGAS
20.10	THE UNTOUCHABLES
21.10	ICE HOCKEY
22.10	SKY TRAX

CONTACT SKY CHANNEL, SATELLITE TELEVISION PLC FOR FURTHER INFORMATION  
TELEPHONE LONDON (01) 636 4077 TELEFAX 266943

**WORLDWIDE ENTERTAINMENT**

**NOUVELLE REVUE NOUVELLE**

Bal du **Moulin Rouge**

20 h Diner dansant  
Champagne et Revue  
400F

22 h et 0 h  
Champagne et Revue  
275F

PRIX NETS  
SERVICE COMPRIS

femmes, femmes, femmes...

MONTMARTRE-PLACE BLANCHE-606.00.19 ET AGENCES

In Frankfurt  
stay where the business world stays.  
At the great hotel they know best.

**HOTEL  
FRANKFURT  
INTERCONTINENTAL**



THE ADVANTAGE IS INTER-CONTINENTAL

**INTER-CONTINENTAL HOTELS**

Wilhelm-Leuschner-Strasse 43, 6000 Frankfurt, (069) 230561, Telex: 0-413639  
For reservations call: London: (01) 491-7181, Paris: (01) 742-07-92,  
Amsterdam: (020) 262021



# Herald Tribune

Published With The New York Times and The Washington Post

## King Fahd's Diplomacy

Saudi Arabia feels strongly about the Palestinian issue and finds sponsorship of it vital to its diplomacy in the Arab world — no small need in view of the many dangers to Saudi Arabia arising from points outside Israel. So, true to form, King Fahd arrived in Washington hoping to draw President Ronald Reagan deeper into the Arab-Israeli question. For "moderate" Arabs, this means making an effort to deliver the Palestinians while calling upon the United States to deliver the Israelis. An evident part of the Saudi effort was the "framework for common action" that King Hussein of Jordan and Yasser Arafat, chairman of part of the Palestine Liberation Organization, produced word of while King Fahd was still in the American capital.

We say "word of" because the framework itself has been slow to be revealed. It is reputed to enable the PLO to join Jordan in an international peace conference, but it is not clear whether there is anything solid in it or anything that could be made solid by further tending. "We're being optimistic about it," Mr. Reagan said. But Jordan and the PLO have a long record of evading the straightforward commitment to recognize and negotiate with Israel, which is the only conceivable basis of peace between Arabs and Israelis.

Israel is of two minds — represented by the Labor and Likud elements of its national unity

government — about negotiations. Labor favors a territorial compromise on the West Bank and would accept direct negotiations with Jordan and with Palestinians acknowledging Israel's right to exist. Likud, leaning to absorption of the West Bank, has an interest in avoiding negotiations and in backing away from United Nations Resolution 242, calling for an exchange of territory for peace.

If the Jordanians and their friends are smart, they will play to Labor. They will get their act together while Labor's Shimon Peres is still prime minister. They will help Mr. Peres revive his 1982 peace plan, which Mr. Peres favored when it was issued — the Begin government turned it down. They will realize there is no profit in fuzzy "frameworks."

In the Arab world the belief lingers that only second-term American presidents are free enough of Jewish pressure to bear down on Israel. The second-term Eisenhower, who tried Israel out of Sinai, is their model. This belief mistakes, seriously and offensively, the basis of Israel's American support. But if Arabs believe it, let them accept its implications and make a clear move now. As for the Saudis, though they and the Americans have a history of disappointing each other on the Palestinian issue, the two share many other interests, and are working together to serve them.

— THE WASHINGTON POST.

## Back to Basics, in French

It is not only in the United States that schools are being pushed to more rigorous standards of performance. The French government has now declared an end to the period of progressive and rather relaxed experimentation that began there in the late 1960s. By next September France's primary schools will have a new and very different curriculum that reaches back to the older tradition.

The action is a political anomaly: The progressive movement developed under conservative Gaullist governments, and the return to conventional discipline is now being imposed by a Socialist government. The current minister of education, Jean-Pierre Chevènement, is a leader of the Socialist Party's left wing and earlier, as minister of industry, made many enemies among French businessmen as an aggressive interventionist. But he is also a man of intellect who places great value on a trained mind and is affronted that, as he charges, one out of every five French children is illiterate upon leaving primary school at the age of 11. The cultural left and the political left are not always quite the same thing.

It is not only reading and arithmetic that are to be drilled under the new regimen. Mr. Chevènement wants French children to know where the country's rivers and cities are. President François Mitterrand has been complaining for some time about the style of history

that devotes much attention to peasant life in the 17th century but leaves pupils very unclear regarding who was king when, and why a number of citizens thought it desirable to cut the head off one of them two centuries ago. It is back to names and dates.

Is that elitist, as France's progressive educators charge? Mr. Chevènement makes no apologies. When he was at the ministry of industry, he got a sharp sense that France was falling behind in the technologies by which the rich countries will either earn their livings or become much less rich. Having begun with the primary schools, he intends to undertake similar reforms — or, as some of the left complains, counter-reforms — at the higher levels. It is not all Cornelle and Racine. He is currently spending serious amounts of money to put computers into the schools.

A country's educational system is always the truest reflection of the real structure of its society. For a century France's schools have been highly competitive, highly centralized and capable of producing extraordinary minds. There has always been an articulate minority of Frenchmen who wanted to see less pressure for achievement and more emphasis on equality. But the Socialists have concluded that, in a world becoming more competitive, France cannot become less so.

— THE WASHINGTON POST.

## Other Opinion

### Gibraltar's Open Door

The opening of negotiations between Britain and Spain to coincide with the opening of the border between Gibraltar and Spain is for the better, even though there is little cause to hope for a speedy breakthrough on the future of the disputed territory.

Britain is insisting on scrupulous respect for the wishes of the people of Gibraltar, who are ethnically Mediterranean but steadfast in their loyalty to the United Kingdom, wishing no change in the status of a self-governing colony. This preoccupation with settler wishes has overtones of the Falkland Islands, where Britain has allowed the local population to veto efforts to draw up a compromise that better addresses the global issues.

That posture does not leave much to talk about with Spain, equally determined in its efforts to regain sovereignty over Gibraltar by rewriting history and the Treaty of Utrecht through which the Spanish government formally ceded the rock to Britain in 1713.

Interests of the free world will be equally well served whether London or Madrid has sovereignty. Monitoring the 50,000 ships that pass through the Strait of Gibraltar each year is in itself of considerable importance to Western defense. This is a gateway for the Soviet Black Sea fleet. The strait, a critical choke point for world navies in the event of war, could be equally well controlled by either ally. The border was closed 16 years ago by the late Spanish dictator, Francisco Franco, as part of his campaign to regain Spanish sovereignty. The closure only made negotiations more difficult. Now the economic integration that is part of the agreement to reopen the border, and

that will be reinforced when Spain enters the European Community next year, may help erode the sharper differences and make more likely some compromise.

— The Los Angeles Times.

### Exchange-Rate Crisis Persists

Prime Minister Margaret Thatcher of Britain is traveling to Washington this week — a painful moment in the world's obstinately persistent exchange rate crisis. It was only last month that her Chancellor of the Exchequer, Nigel Lawson, returned from the meeting of the Group of Five top finance ministers waving a piece of paper said to demonstrate a new willingness by the United States government to intervene against the dollar.

This Group of Five communiqué is coming to look like the Munich agreement of the world's currency markets. There has, true enough, been some American intervention, but the American foreign exchange markets have treated it as a polite diplomatic triviality. The dollar has continued on its way, checked mainly by the German Bundesbank angrily accepting the main burden of intervention; or falling largely through normal market reactions as speculators realized their profits.

One explanation is that Washington has for the past few weeks been paralyzed by an interregnum at the top of the United States Treasury, with vacancies too at other points of access to the president's ear. The markets are still daily waiting the resolution of this indecision, watching for evidence of substantial intervention by the Federal Reserve Board.

— The Times (London).

## FROM OUR FEB. 18 PAGES, 75 AND 50 YEARS AGO

### 1910: Senator's Pipeline to Hell

WASHINGTON — Senator Jefferson Davis, of Arkansas, created a sensation in the Senate on Feb. 17 by the unreserved anger of a speech against the Standard Oil Company. He rose to oppose a bill designed to grant the Standard Oil the right to construct a pipeline across public land in Arkansas. Working himself into a passion, the Senator burst upon the astonished assembly the following denunciation: "The only pipeline I would favor would be one in the direction of Hell. I would then want to see J.D. Rockefeller at the lower end of that pipe receiving the jet of burning oil till he was enveloped and destroyed by the product of his own evil organization." There were loud cries of order, but the Senator would not be set down until he had exhausted his fury, when he sank back into his seat pale with anger.

### 1935: Japan Plans Naval Buildup

TOKIO — Admiral Mase Otsu, Navy Minister, revealed that Japan is planning a third naval replenishment program, starting with the fiscal year 1935-37. Otsu declared: "The first and second replenishment programs do not fully meet the requirements for national defense. The present plans may be adequate to pass through the crisis of 1935-36 (referring to Japan's withdrawal from the League of Nations and the expiration of the Washington-London naval limitation treaties), but it may be necessary to seek appropriations for the first portion of the third replenishment program in the fiscal year 1937." The Navy Minister said that the program would call for small vessels. "The fighting value of torpedo boats and other small war craft was demonstrated in last summer's naval maneuvers," he said.

## Kremlin-Watching Has Its Frustrations

By Thane Gustafson

WASHINGTON — There were red faces among Western Sovietologists a few weeks ago when the Kremlin appointed Marshal Sergei L. Sokolov to be the new minister of defense, succeeding the late Dmitri F. Ustinov. The experts were wrong again, having predicted Grigori V. Romanov of the Politburo.

Sighs went up from exasperated reporters and government officials: Why are the Sovietologists unable to get their horses straight, especially with all the practice that they have had lately? The fact is that most Western Sovietologists had been betting on Marshal Sokolov right along. But then the Kremlin pulled a fast one: It appointed Mr. Romanov head of the funeral commission that supervised the arrangements for Marshal Ustinov's burial in the Kremlin wall. Suddenly that seemed positive evidence for Mr. Romanov.

After all, back in 1976 the first sign that Marshal Ustinov had been picked was when he headed the funeral commission for his predecessor, old Marshal Andrei Grechko. And only last year the clearest sign that Konstantin U. Chernenko had the leadership succession sewn up came when he led the funeral procession for Yuri V. Andropov.

In Moscow, it seems, he leads the living who led the dead. But, alas, not this time. Let him who has never flubbed one throw the first stone. Did all of you out there pick Bob Dole for Senate majority leader? Didn't some think that Jesse Helms would be chairman of the Senate Foreign Relations Committee?

In many respects the analogy is apt: In both cases we are talking

about decisions made in private by small groups of powerful men, with little direct input from outsiders. The rules are unwritten, and the bargaining is intense. Even insiders can go wrong. Soviet secrecy clouds the crystal ball even more.

In any case, is picking the winners in the Kremlin sweepstakes really the most useful measure of our knowledge of Soviet affairs? More interesting questions are: What does it all mean? How does it affect us?

The reason most Russia-watchers were betting on Marshal Sokolov (at least until they saw Mr. Romanov leading the funeral cortege) was that they saw him as the Kremlin's safest and easiest choice at a time when the top Soviet leaders seem inclined to the word caution. Choosing Marshal Sokolov put the least strain on the delicate balance of power among the leaders, and caused the least tension between party and military leaders.

Only a couple of months before, the party leadership had abruptly fired the military chief of staff, Marshal Nikolai Ogarkov. We would have to go back over 25 years to find a similar case — Nikita S. Khrushchev's dismissal of Marshal Georgi K. Zhukov in 1957. In both cases a strong, outspoken professional soldier crossed the forbidden line separating the private from the public advocate. Marshal Zhukov by arguing for greater professional autonomy for the military. Marshal Ogarkov by calling for a radical program to modernize Soviet conventional forces. In firing them the party reminded all who the real professionals of power are.

Under these circumstances, appointing Mr. Romanov minister of defense would have been a remarkable move. For more than a generation Soviet defense ministers have been either professional soldiers or military-industrial administrators. Mr. Romanov is neither, though his long years as party head in Leningrad made him familiar with military industries. He has recently been overseeing the military-industrial establishment as party secretary.

To have named him defense minister, however, especially after the Ogarkov dismissal, would have suggested that party leaders seriously distrusted the military, and that they wanted a career party official in charge. That is surely not the case.

For Mr. Romanov the move would have been no less momentous, and hardly welcome. In assum-



'Some fool left a window open at the Politburo, causing a slight draft...'

ing the defense job he would have had to give up his post as party secretary, and that would have removed him from contention for the No. 1 post as party general secretary. So the job fell to the man who, for the previous 17 years, had been the first deputy defense minister.

But Marshal Sokolov is by no means a nonentity. More than any other Soviet officer, he is associated with policies that have been unpopular in the West: arms sales to Third World countries, support for Third World insurgencies, counterinsurgency in client states and, above all, the Soviet intervention in Afghanistan. If his appointment is a vote for continuity, it is not necessarily the kind of continuity that we will like.

The choice is also a postponement. The issues that Marshal Ogarkov

was raising, and that cost him his job, cannot be ducked forever by the Soviet leadership. They have to do with the technological competitiveness of the Soviet security system, and at 73 Marshal Sokolov is the oldest man to be appointed Soviet minister of defense.

So there will be more job openings in Moscow before long, and more chances for Sovietologists to go wrong in picking successors. Until we know as much about the Kremlin as we do about Capitol Hill, we Sovietologists had best resign ourselves to hearing more sighs.

The writer is director of the Soviet studies program at Georgetown University's Center for Strategic and International Studies. He contributed this view to the Los Angeles Times.

## The Time Is Ripe for Reagan to Play Syrian Card

By Milton Viorst

WASHINGTON — With King Fahd of Saudi Arabia urging President Ronald Reagan to renew his efforts for peace in the Middle East, and Israeli forces withdrawing from Lebanon, Mr. Reagan now has a duty to revive the United States peace initiative — but this time, believe it or not, the proposals he made earlier upside down.

Mr. Reagan's plan of Sept. 1, 1982, still the official American position, focuses on the West Bank, essentially a Palestinian and Jordanian concern. It is a territory on whose future Arabs and Israelis are deeply divided. Of all the land that Israel captured in 1967, the West Bank presents by far the most difficult problem to resolve.

Yet the outcome of the war in Lebanon left no doubt that Syria, Israel's strongest neighbor, has the power to veto any peace negotiations by Jordan and the Palestine Liberation Organization as well as by Lebanon. None can contemplate a West Bank settlement over Syrian objections.

Mr. Reagan's 1982 plan overlooked Syrian power, ignoring the Golan Heights, the Syrian territory Israel occupies. It would thus make sense now, as a tactical matter, to repair the error and redraw the Reagan proposal by placing the Golan problem at the top of the agenda.

Being left alone without the Golan Heights is Syria's obsession. Syria burns over the peace that returned the Sinai to Egypt while leaving the Golan Heights with Israel. It remains angry at Iraq for breaking the Arab front to make war on Iran.

Syria's fallback strategy is to reach military parity with Israel, then to recover the Golan Heights by force.

Such a plan requires long-term dependency on Moscow, which Syria palpably dislikes. Moscow's permanent involvement in the region is also contrary to American interests.

But if a settlement is in our interest, is Syria disposed to settle? Its critics, citing its imperial dreams, say so. Formally, Damascus subscribes to Security Council Resolution 242, which promises peace upon Israel's restoration of the captured territories. No one knows — including Damascus itself, perhaps — whether it is serious about 242, but Mr. Reagan, in his peace plan, missed the chance to submit Syria to a test.

From a political perspective, Syria leaves no doubt that it will never concede to Israel the right to permanent tenure of the Golan Heights. Of more immediate importance, however, is Syria's perception of Israel as a threat to its security. To Syrian strategists, Lebanon is the country's vulnerable western flank, while the Golan Heights is a short drive across flat terrain to the capital, Damascus.

To the Syrians, a submissive Lebanon is vital. Still, having occupied much of the country since 1976, shortly after the civil war started, they have not annexed any of it. From this evidence, it appears that even if Lebanon would like to absorb Syria into a "Greater Syria," official policy is to leave it continue as an anti-Israel buffer.

Lebanon is also willing to keep Lebanon as a buffer. As for the Golan Heights, it is strategically vital to both. Israel, sheltered for two decades by Syrian guns, has no intention of letting them return. But the Syrians fear they will one day wake up to find





# Herald Tribune

## BUSINESS/FINANCE

MONDAY, FEBRUARY 18, 1985

Page 7

### EUROBONDS

## FRNs Are Lone Bright Spot Amid Glut of Unsold Bonds

By CARL GEWIRTZ  
International Herald Tribune

PARIS — Confusion about the direction of interest rates and billions of dollars worth of unsold fixed-coupon bonds remaining in the hands of underwriters cast a pall over the Eurobond market last week.

The only bright spot was the floating-rate market, considered the safest option when the outlook for rates is uncertain, where a hefty \$2.14 billion worth of notes were offered. This tally does not include the \$1.998 billion of domestic floating-rate notes offered by Icahn Group Inc. that are being marketed internationally (IHT, Feb. 16-17).

The most novel of the FRNs was Inco Ltd.'s \$100 million of 10-year notes, whose structure turns the paper into a true money market instrument.

The main attraction of FRNs is the fact that the coupon is reset at fixed intervals to reflect changes in short-term interest rates. The main disadvantage is that note-holders can never be absolutely sure of reselling the paper without a loss.

In principle, the value of an FRN should settle at par each time a new coupon is set, as on that day it is valued to reflect conditions in the money market.

But there is no guarantee. If the borrower's credit rating falls and investors deem that its paper should, for example, carry a margin of 1/4 point over the London interbank offered rate, or Libor, instead of the 1/16 it offers, the notes may never trade at par.

The Inco notes are structured to overcome this worry. Investors are assured that on any interest payment date they can "put" the notes back — at par value — to a group of banks that have agreed to serve as guarantors.

These banks can then try to resell the notes through a standing tender panel or, if that fails, hold the notes and offer them to the tender panel on the next coupon date.

This is very much like Eurobonds, which currently are very popular. The key difference, however, is that purchasers of Eurobonds are assured of a yield for only the duration of the one- to six-month notes.

Subsequent reissue of the Eurobonds may be at terms very different from the initial sale. By contrast, Inco holders can lock in a yield to final maturity.

The Inco notes will bear a coupon of 3/16 point over the six-month Libor. The tender panel will bid for the notes and if successful will distribute them at negotiated rates to clients.

As the bank guarantors, who are not yet identified, stand ready to redeem the notes and as major banks currently pay 1/16 to 1/8 over Libor to borrow themselves, investors presumably will be found to buy the Inco notes at a price less than 3/16 point over Libor.

This means the paper would be sold at a premium, or a one-time charge whose cost to investors would diminish the longer the notes are held, an incentive for investors to hold the paper and thus amortize the charge.

Canadian Imperial Bank of Commerce, the lead manager, believes that the multi-bank guaranty to buy back the notes gives the issue added attraction because investors have the collective guaranty of a group of banks to fall back on rather than the single-bank risk in buying, for example, notes issued by Citicorp.

What Inco is paying these banks to provide the guaranty has not yet been divulged. Commissions on the FRN total 1/2 percent, of which Canadian Imperial Bank is keeping 1/4 percent as a praecipuum, or a bonus. The bank has named the structure "grantor-underwritten notes," grantor meaning one who provides a guaranty.

Inco has been operating at a loss since 1981, and some bankers believe this loan structure can enable companies that otherwise would not have access to the capital market to gain that access. The World Bank is also tapping the FRN market, offering \$500 million (Continued on Page 9, Col. 1)

### Last Week's Markets

All figures are as of close of trading Friday

#### Stock Indexes

United States	Last Wk.	Prev. Wk.	% Chg.
DJ Ind.	1,282.00	1,285.97	-0.32
DJ Ind. 100	130.85	130.80	+0.04
DJ Trans.	629.21	630.07	-0.14
S & P 500	177.95	180.12	-1.21
S & P 500	181.40	182.19	-0.30
NYSE Cl.	105.27	105.39	-0.12

#### Britain

FTSE 100	Last Wk.	Prev. Wk.	% Chg.
FTSE 100	1,281.40	1,295.30	-1.08
FTSE 100	981.10	985.50	-0.75

#### Hong Kong

Hong Kong	Last Wk.	Prev. Wk.	% Chg.
Hong Kong	1,405.90	1,407.28	-0.10

#### Japan

Nikkei 225	Last Wk.	Prev. Wk.	% Chg.
Nikkei 225	12,148.29	12,099.11	+0.41

#### West Germany

DAX 100	Last Wk.	Prev. Wk.	% Chg.
DAX 100	1,170.00	1,162.60	+0.64

#### Money Rates

United States	Last Wk.	Prev. Wk.	% Chg.
Discount rate	8	8	0
Federal funds rate	8.25	8.25	0
Prime rate	10.50	10.50	0
Discount	5	5	0
Call money	4.25	4.25	0
90-day interbank	4.25	4.25	0

#### West Germany

Overnight	5.60	6 1/2
1-month Interbank	5.55	5.65
<b>Britain</b>		

#### Japan

Dollar			
	Last Wk.	Prev. Wk.	% Ch'ge
Bk Engr Index	150.0	149.3	+0.47

#### Dollar

Bk. Intl. Index	Last Wk.	Prev. Wk.	% Chg.
Bk. Intl. Index	150.0	149.3	+0.47

#### Gold

on Feb. 15, excluding fees.  
Frankfurt, Milan, Paris. New York rates at

### Currency Rates

Late interbank rates on Feb. 15, excluding fees.

Official fixings for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates at 4 P.M.

\$	£	D.M.	F.F.	Y.	S.F.	Y.	Y.
Amsterdam	3.3675	4.081	115.26	36.99	5.63	133.31	142.97
Brussels	36.48	72.53	22.10	4.54	3.57	117.85	124.65
Frankfurt	3.3675	4.081	115.26	36.99	5.63	133.31	142.97
London (d)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Milan	2,093.89	2,229.60	61.85	20.25	14.50	36.74	78.88
New York (c)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Paris	16.60	11.027	3.624	0.945	2.754	65.62	27.75
Tokyo	297.25	294.77	79.30	25.57	12.81	48.89	34.16
Zurich	2,700	3,067	83.85	27.83	17.75	75.35	43.08
1 BCU	0.8865	0.8172	2.226	0.6001	1.7539	2.182	44.891
1 SDR	0.64569	0.67088	1.5271	0.4689	1.2513	3.4712	2.676

### Dollar Values

\$	£	D.M.	F.F.	Y.	S.F.	Y.	Y.
Amsterdam	3.3675	4.081	115.26	36.99	5.63	133.31	142.97
Brussels	36.48	72.53	22.10	4.54	3.57	117.85	124.65
Frankfurt	3.3675	4.081	115.26	36.99	5.63	133.31	142.97
London (d)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Milan	2,093.89	2,229.60	61.85	20.25	14.50	36.74	78.88
New York (c)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Paris	16.60	11.027	3.624	0.945	2.754	65.62	27.75
Tokyo	297.25	294.77	79.30	25.57	12.81	48.89	34.16
Zurich	2,700	3,067	83.85	27.83	17.75	75.35	43.08
1 BCU	0.8865	0.8172	2.226	0.6001	1.7539	2.182	44.891
1 SDR	0.64569	0.67088	1.5271	0.4689	1.2513	3.4712	2.676

(a) Sterling 1985 Irish £ (b) Commercial bank (c) Amounts needed to buy one pound (d) Amounts needed to buy one dollar (e) Units of 100 (f) Units of 1,000 (g) Units of 10,000 (h) Units of 100,000 (i) Units of 1,000,000 (j) Units of 10,000,000 (k) Units of 100,000,000 (l) Units of 1,000,000,000 (m) Units of 10,000,000,000 (n) Units of 100,000,000,000 (o) Units of 1,000,000,000,000 (p) Units of 10,000,000,000,000 (q) Units of 100,000,000,000,000 (r) Units of 1,000,000,000,000,000 (s) Units of 10,000,000,000,000,000 (t) Units of 100,000,000,000,000,000 (u) Units of 1,000,000,000,000,000,000 (v) Units of 10,000,000,000,000,000,000 (w) Units of 100,000,000,000,000,000,000 (x) Units of 1,000,000,000,000,000,000,000 (y) Units of 10,000,000,000,000,000,000,000 (z) Units of 100,000,000,000,000,000,000,000

### Markets Closed

U.S. stock and commodity markets will be closed Monday in observance of Washington's Birthday. Banks also will be closed.

## New Bid Made for Wheelock

### Y.K. Pao Enters Fight for Firm

By Dinah Lee  
International Herald Tribune

HONG KONG — The battle for control of Wheelock Marden & Co., one of Hong Kong's oldest trading and shipping companies, heated up over the weekend with the second takeover bid in three days.

The new contender is Sir Y.K. Pao, the world's biggest private shipowner, through his Hong Kong-based firm, Hongkong & Kowloon Wharf and Godown Co. Last Thursday, a Singapore hotel and property magnate, Khoo Teck Puat, announced that he had already acquired 13.5 percent of Wheelock's voting rights through a purchase of 21,035,157, or 6.7 percent, of the A, and 53,548,730 or 22.7 percent of the B shares from the family interests of the Wheelock chairman, John L. Marden.

Mr. Khoo's bid put the value of the company at 1.9 billion Hong Kong dollars (\$243.6 million) with an offer to remaining shareholders of 6 dollars for every A ordinary share and 60 cents for every B ordinary share.

Trading in Wheelock A shares was suspended at 5.80 dollars on Thursday, but the price shot up from Wednesday's close of 5.05 dollars to 6.40 dollars when activity resumed on Friday, effectively eclipsing Mr. Khoo's bid.

Sir Y.K. Pao's offer, announced Saturday, was 10 percent higher than the Khoo bid, or 6.60 dollars for the A ordinary shares and 66 cents for the B shares, putting the value of the Wheelock group at about 2.23 billion dollars.

Wardley Ltd., a Hong Kong merchant bank acting on behalf of Wharf, indicated that Sir Y.K. Pao had acquired 34 percent of the voting rights of the group. Hong Kong's disclosure rules are such that it is difficult to confirm how Sir Y.K. Pao obtained this share, but bankers close to the battle say there are strong indications that a director of two Wheelock subsidiaries, John Cheung, has joined forces with Sir Y.K. Pao to foil the Khoo bid. It has been rumored in the local market for many years that Mr. Marden and Mr. Cheung disagreed strongly over the future of the group, particularly with regard to the troubled shipping interests of Wheelock.

Hong Kong regulations require that trading in Wheelock shares be suspended again on Monday following the bid by Wharf. However, it is probable that prices will rise this week when trading resumes because rumors of more counterbids are already circulating in Hong Kong.

Neither Mr. Khoo nor Sir Y.K. Pao has made a public statement of plans for the Wheelock group should he gain control. On Saturday, members of Wheelock's board urged shareholders to take no action on either offer and not to dispose of their holdings until an "independent committee" of the board makes a statement. Wheelock's executive manager, D.A. Graham, declined on Sunday to say who the members of the independent committee are.

It is believed that Mr. Khoo would like to use Wheelock as a vehicle for expanding his hotel interests, which are already considerable in Singapore and Australia, into Hong Kong and China.

There has also been speculation that Sir Y.K. Pao might be attracted by the healthy property operations of the Wheelock group, including Realty Development Corp. and Hongkong Realty & Trust Co. Mr. Cheung is a director of both of these companies.

A merchant banker involved in the takeover battle said Sunday that the bidding could "drag on for two to three months."

## Licensing: New Joy for U.S. Toy Firms

### Concept Is Cited As Reason for Big '84, Bright Future

New York Times Service

NEW YORK — A week ago, a new set of potentially hot licensing products made their debut. The animals of Hugga Bunch, the warring forces of MASK, the women of the Princess of Power and the "insectoids" of Sectra were introduced at the opening of the American International Toy Fair here.

As Coleco Industries' Cabbage Patch dolls showed, international licensing of toys has become more sophisticated, and far more lucrative, in recent years.

The Cabbage Patch licensing episode was a success through the United States and much of Europe, and its numerous spinoffs are likely to continue that success for some time to come.

The current practice, which was used with much success by Coleco in its Cabbage Patch strategy, involves creating an entire storyline, or fantasy, around a particular product, and then selling — or licensing — the marketing rights to accessories that can include everything from greeting cards to clothing.

"There is absolutely no question that licensing is an important change," said Paul Valentine, toy analyst with Standard & Poor's Corp. "It is a reflection of the more sophisticated marketing of toy companies, the ability to create characters that have their own identity."

This year's toy fair follows one of the industry's most successful years. Manufacturers' shipments in 1984 soared by more than 51 percent, to about \$8 billion, from \$5.3 billion the year before, according to the Toy Manufacturers of America. Retail sales in the United States alone jumped about 20 percent, to about \$12 billion.

The year's results were helped by several tremendously popular items, including the Cabbage Patch dolls; the Trivial Pursuit game, another popular export; robot toys, such as the Transformers and the Gobot; and stuffed animals, such as Care Bears — all of them successful licensing properties.

The concept of licensing toys was born with the introduction of Strawberry Shortcake, a doll in a red dress that swept the toy industry in 1977 with more than \$100 million in sales before she turned one year old.

Strawberry Shortcake's creators, American Greetings Corp., wrote an entire story about her. She was the first of what the industry now calls the prepackaged fantasy.

In the last two or three years, the large toy manufacturers have followed the Strawberry Shortcake example. They have established departments to license their stories and the characters that go along with them at royalties of about 3 percent to 15 percent of wholesale sales, industry spokesmen said.

Stephen Hassenfeld, chairman of Hasbro Bradley Inc., said about 6 percent of his company's 1984 pretax earnings of \$100 million would be from licensing.

"I'd be disappointed if that didn't grow by more than 100 percent over the next couple of years," he said.

Hasbro Bradley's Wuzzles, a series of six whimsical stuffed animals produced as a joint venture with Walt Disney Productions, was touted at the fair as the "most wonderful license that ever was." So far, there are 34 Wuzzles licenses, and a Saturday morning television show featuring the Wuzzles is to be shown on CBS in the fall.

Mattel's Princess of Power line of action figures for girls, is supported by 37 licenses. The line will also appear on a syndicated television show.

Kenner's MASK — Mobile Armored Strike Kommand — includes a series of cars, trucks, motorcycles and helicopters. Each toy will include a small comic book and the line will be backed up with regular comic books, licensed by DC Comics.

The line has attracted 40 licenses, according to Louis Gioia Jr., Kenner's vice president of marketing services and international marketing.

Another major Kenner product introduction this year, the Hugga Bunch dolls, are being described as "plush people," and will be supported by a \$10-million marketing campaign focusing on the need for people to hug each other. Forty-nine licenses have been signed on.

Coleco is seeking to follow its Cabbage Patch success with a line called Sectra, which it intends to license itself. It centers on a planet where experiments have gone out of control, and insects have grown frightfully large.



Toy Licensing: The Latest Entries

Wuzzles Collection: Hasbro Bradley Inc. Number of licenses: 34

Hugga Bunch: Kenner Number of licenses: 49

Swishbuckle Vehicle: M.A.S.K. Collection Number of licenses: 40

Princess of Power Collection: Mattel Inc. Number of licenses: 37

Section: Coleco Industries Number of licenses: 1

Sho-Ra and Swift Wind: Mattel Inc. Number of licenses: 37

The New York Times

## Britain Sues Accountants for De Lorean Firm

Compiled by Our Staff From Dispatches

BELFAST — The British government has filed a \$270-million negligence suit against Arthur Andersen & Co., the U.S. firm that checked the accounts of De Lorean Motor Co., the failed sports car company owned by John Z. De Lorean.

The suit, filed Friday in U.S. District Court in New York City, said that Arthur Andersen had been negligent in not uncovering irregularities in the company's operation, Britain's Northern Ireland Office said Saturday.

The suit alleged that Arthur Andersen had practiced public accounting functions "fraudulently and with gross incompetence." Reuters reported from New York.

The suit charged that the firm had known of the irregularities but had failed to inform the British government or other De Lorean investors of them.

The suit named the U.S. branch of Arthur Andersen, Arthur Andersen & Co. (Republic of Ireland) in Dublin and Arthur Andersen & Co. (United Kingdom) in London.

The suit also charges the defendants with fraudulent concealment of the irregularities, and aiding and abetting in fraud and violations of a federal act on racketeering and corruption.

Attempts to reach Arthur Andersen officials for comment were unsuccessful.

The suit, filed by the province's Department of Economic Development, seeks a total of \$270 million in damages.

The Northern Ireland Office said the action "should be seen in the context of the government's will to recover as much as possible of the public money invested in the project, and to take action against those who may have been responsible and liable for such losses."

Mr. De Lorean set up the plant in 1978. He was backed financially by successive British governments seeking to create jobs in Northern Ireland, where nearly one-fourth of the work force is unemployed.

The project collapsed in 1982, after the British government spent

about £77 million (more than \$140 million at 1982 exchange rates).

Mr. De Lorean's plant closed Oct. 19, 1982, the day he was arrested in Los Angeles on charges of conspiring to distribute cocaine valued at \$24 million to raise money to keep the plant going. He was acquitted last August.

Last year an inquiry by a committee of the House of Commons said the De Lorean project was "one of the gravest cases of the misuse of public resources for many years."

The committee criticized British officials for failing to check what it called a misappropriation of public funds, and was particularly critical of the disappearance of £8 million.

In addition, British liquidators have accused De Lorean officials of using £3.6 million in the United States to guarantee borrowing for another business.

De Lorean Motor Co. filed for reorganization under U.S. bankruptcy laws in October 1982 but was placed under liquidation after a hearing in bankruptcy court in Michigan. (AP, Reuters)

### Trade Deficit Sets A Record in Italy

Agence France-Press

ROME — Italy had a record trade deficit of 19.2 trillion lire (\$9.5 billion) in 1984, up from 11.5 trillion in 1983, official figures published this weekend showed.

The main element in the deficit was oil imports, which cost 35.6 trillion lire. Other trade showed a surplus of 16.4 trillion lire.

The cabinet of Prime Minister Bettino Craxi met on Wednesday to discuss the effect of the strength of the dollar on prices for imported energy and raw materials. That meeting resulted in a government directive to the public and private sectors to make greater use of the European currency unit.

### NEW ISSUE

All these Bonds have been sold. This announcement appears as a matter of record only.

February 13, 1985



### KB IFMA N.V.

KB Internationale Financieringsmaatschappij N.V.

(Incorporated with limited liability in the Netherlands)

ECU 75,000,000

9 3/8% 1985-1992 Guaranteed Bonds

Unconditionally and irrevocably guaranteed as to payment of principal and interest by

### KREDIETBANK N.V.

(Incorporated with limited liability in Belgium)

Kredietbank International Group

Credit Suisse First Boston Limited

Bank Brussel Lambert N.V. Societe Generale de Banque S.A.

Algemeene Bank Nederland N.V. Banca Commerciale Italiana

Bank of Tokyo International Limited Berliner Handels- und Bank AG

Commerzbank Aktiengesellschaft Credit Commercial de France

Credit Lyonnais Dresdner Bank Aktiengesellschaft

Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft

Niederlandsche Middenstandsbank N.V. Nippon European Bank S.A. - LTCB Group

Orion Royal Bank Limited Rabobank Nederland Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited S.G. Warburg & Co. Ltd.

</







## New Eurobond Issues

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
<b>FLOATING RATE NOTES</b>						
BankAmerica	\$400	1997	1 1/16	100	99.78	Over 3-month Libor, set monthly. Callable at par on any interest payment date after 1986. Fees 0.32%.
Electricity Generating Authority of Thailand	\$195	2005	1/4	100	99.75	Over 6-month Libor. Callable at par on any interest payment date starting 1988 and redeemable at par in 1995, 1997 and 2000. Fees 0.30%.
Great Western Financial	\$100	1995	1/4	100	99.80	Over 3-month Libor. Callable at par in 1988 and redeemable at par in 1992. Fees 1.20%. Denominations \$50,000.
Hydro Quebec	\$200	2005	libor	100	99.92	Interest pegged to 6-month rate for Eurodollars, set monthly. Callable at par in 1989. Fees 0.375%. Denominations \$10,000. Payable May 1.
Inco	\$100	1995	3/16	100	—	Over 6-month Libor. Callable at par in 1988. Fees 9/16.
Petroleum Authority of Thailand	\$145	2005	1/4	100	99.75	Over 6-month Libor. Callable at par on any interest payment date starting 1988 and redeemable at par in 1995, 1997 and 2000. Fees 0.30%.
Société Générale	\$400	1997	1 1/16	100	99.88	Over 6-month Libor, set monthly. Callable at par on any interest payment date after 1986. Fees 0.16%.
Société Générale Alsacienne de Banque	\$40	1995	1 1/16	100	—	Over 6-month Libor. Callable at par in 1987. Fees 0.16%.
Thailand	\$60	2005	1/4	100	99.82	Over 6-month Libor. Callable at par on any interest payment date starting 1988 and redeemable at par in 1995, 1997 and 2000. Fees 0.25%.
World Bank	\$500	perpet	1/4	100	99.95	Over money market equivalent yield for 3-month U.S. Treasury bill. Callable at par in 1986. Switchable on every interest payment date starting Sept. 1985 into a 3-month note pegged to the U.S. 3-month rate. Fees 0.15%. Denominations \$10,000.
<b>FIXED-COUPON</b>						
American Int'l	\$100	1990	10%	100	97.50	Callable at par in 1989.
Kawasaki Steel	\$50	1992	10%	100	—	Noncallable.
Mellon Financial	\$100	1995	11%	100	97.83	Callable at 100% in 1992.
Mitsui Real Estate Development	\$50	1992	10%	100	—	Noncallable.
Nabisco Brands	\$100	1990	10%	100	98.18	Noncallable.
Nestlé Holdings	\$100	1988	9%	100	99.25	Noncallable.
S. Africa Local Authorities Loans Fund Board	DM 75	1990	8%	100	99	Noncallable private placement.
Swedish Export Credit	£ 50	1992	11%	100	98.15	Callable at 101 in 1990.
Seisui USA	¥300	1990	9%	100	—	Noncallable.
World Bank	DF 300	1995	8%	100	99.50	Noncallable. Sinking fund to start operating in 1991 to produce an 8-yr average life.
<b>EQUITY-LINKED</b>						
Kao	\$70	2000	open	100	98	Semiannual coupon indicated at 3%. Callable at 104 in 1988. Convertible at an expected 5% premium. Terms to be set Feb. 21.
Moruzen	\$20	1990	8%	100	—	Noncallable. Each \$5,000 note with 1 warrant exercisable into shares of 585 yen per share and of 260.95 yen per dollar.
Optec Dai-ichi Denko	\$30	1990	8%	100	100	Noncallable. Each \$5,000 note with 1 warrant exercisable into shares of 692 yen per share and of 260.95 yen per dollar.
Shin-Etsu Chemical	\$30	2000	3	100	—	Semiannually. Callable at 104 in 1988. Convertible at 1,185 yen per share and at 262.60 yen per dollar.
Taiyo Yuden	\$50	2000	3 1/4	100	—	Semiannually. Callable at 104 in 1988. Convertible at 1,294 yen a share and at 263.60 yen per dollar.

## FRNs Are Bond Market's Bright Spot

(Continued from Page 7)

million of undated "flip-flops." Holders can convert the paper to three-month notes by giving up the half-point margin paid on the undated paper.

As in the past, the World Bank shuns using the London interbank rate for its cost of money. "That's a rate that reflects the cost of money for commercial banks; we're not a commercial bank," says the World Bank treasurer, Eugene Rotberg. The base rate is the three-month U.S. Treasury bill rate.

Bank of America, Société Générale and Hydro-Québec are using the mismatching technique on their issues, in which coupons tied to three-month Libor or six-month Libor are reset monthly. This allows bank investors to pick up extra yield by funding their purchases with one-month money while earning interest at the higher three- or six-month rate.

The fixed-coupon market was overshadowed by issues bearing coupons that were widely regarded as unrealistically low.

Nestlé was offering to pay 9% percent for three-year money, while Nabisco and American International Group offered 10% percent for five-year funds. Nestlé was quoted at a discount of 3/16, and Nabisco at less 1/16. These prices were not deemed realistic.

Dealers suspected that once the lead manager, Union Bank of Switzerland, made allotments to underwriters, the prices would sink, as

have UBS-led issues for Kodak, Rockwell and Mobil Oil. As UBS has in the past sought to "punish" underwriters for selling paper at big discounts by allotting them no paper, and thus forcing them to scramble to cover their sales, a true trading price does not emerge until after allotments have been made.

AIG, by contrast, also a triple-A-rated borrower, ended the week at a discount of 2 1/4 points.

Nestlé caused some surprise by not carrying a guaranty of the parent Swiss company and by not being listed on the Luxembourg or London stock exchanges, as is standard procedure. But traders said the rarity value of the name, the relatively small amount and the short maturity could overcome those deviations. The problem, they said, was the unattractively low coupon.

Dealers say the fixed-rate bond market will be stuck in a rut until a powerful rally in the New York market, fueled by declining interest rates, justifies the low coupons offered here, or until underwriters slash prices even further and attract buyers for the billions of dollars of unsold bonds cluttering their shelves.

A New York rally may be a long time in coming. Prices there ended lower last week, and analysts believe that while the Federal Reserve is not currently tightening credit policy it certainly is in no position to ease it.

"The Fed," said Henry Kaufman, the Salomon Brothers chief economist, "has decided to tolerate the fact that the recent growth of money supply has overshoot its target bands because of continuing favorable price developments and the relentless strength of the dollar."

But this tolerance, he warned, "may be tested should money growth remain on its present high trajectory in the next month or two."

Other analysts, meanwhile, say that a continued dollar slip on the foreign exchange market may give the Fed the elbow room it needs to tighten up on credit policy. The dollar listed at 3.56 Deutsche marks late Friday in New York, from a high around 3.30 DM earlier in the week.

The previous slide of the mark and very substantial sales of domestic DM bonds, which pushed prices down and yields up, caused West German bankers to close the DM Eurobond market for three weeks. The scheduled issues for Spain and the InterAmerican Development Bank were canceled. The moves had a salutary effect on Eurobond prices and bankers said selling in the domestic market has abated.

Meanwhile, investors this week will be offered a currency play on the dollar against the European currency unit. Electricité de France is expected to launch a dollar FRN that holders can convert to an ECU instrument at any time.

## New Interest Structure Created for Iceland Credit

By Carl Gwartz

International Herald Tribune  
PARIS — A new twist in the structure of Euronote facilities was introduced last week by Manufacturers Hanover Trust in a relatively small operation for the National Bank of Iceland.

To protect underwriters against the risk of not finding buyers for the one-to-three month certificates of deposit or bankers' acceptances that the Icelandic bank plans to sell, the rate of interest it pays will be based on the cumulative amount of paper underwriters have had to take.

Up to now, the market has seen sliding interest rates based on how much underwriters take at any one time. In this case, the rate slides on the cumulative total over the five-year life of the operation. The maturity, in fact, can be increased to 10 years if the National Bank of Iceland elects to extend and if the underwriters agree.

In all, Iceland is looking for \$80 million, but only \$55 million will be underwritten by the banks. The remaining \$25 million can be offered for sale, but underwriters are under no obligation to supply the funds if buyers are not found.

A tender panel will be asked to bid for the paper. If the terms are not acceptable to the Icelandic bank, the underwriters will be obliged to provide the funds. In that event, the cost is set at 18.75 basis points over the London interbank offered rate, or Libor, for a cumulative amount of up to \$220 million. After that, the underwriters' charge rises to 22.5 basis points over Libor for a cumulative total of up to \$440 million and to 25 basis points if the cumulative total rises higher. A basis point is a hundredth of a percentage point.

Whether the underwriters take the paper or not, they receive an annual underwriting fee of 10 basis points — meaning the effective annual income to banks taking paper would really be 28.75, 32.5 and 35 basis points over Libor, respectively. The banks also earn a one-time front-end fee of 15 basis points.

The charges represent a big saving for the Icelandic bank, which last year paid 1/4 point over Libor for the first six years and 1/2 point

over for the final four years on a \$90-million, 10-year syndicated credit.

The sliding charges on the cumulative total of paper taken by underwriters is aimed at not penalizing National Bank of Iceland for temporary disruptions in the market — when selling any paper may be difficult — but making the bor-

## SYNDICATED LOANS

rower pay if underwriters consistently must stand up if the paper cannot be sold, implying a poor evaluation by the market of Iceland's credit standing.

Meanwhile, Turkey, which had hoped to raise \$500 million through the sale of short-term advances — a technique that many bankers argued was inappropriate for a country of Turkey's credit standing — is stuck at \$450 million and managers will meet Monday to decide whether to close the deal at this level or to try to hold on to try to achieve the goal.

Managers blame the shortfall on the Japanese, who had been targeted to underwrite \$160 million. In fact, they have taken only \$30 million. Bankers report that Ministry of Finance guidelines make Turkish loans a "reservable asset," meaning less profit for banks who must set aside such reserves.

It is still uncertain whether Portugal will find underwriters for its Euronote facility. Here, too, there are serious questions whether the medium-term outlook for the country's economic performance justifies expectations of being able to find buyers for the notes. In addition, the 1/2-point margin over Libor on the companion syndicated credit is considered "thin" given the outlook and the high level of banks' existing exposure to Portugal.

For their part, managers of the loan report they are satisfied with the progress of syndication and are optimistic that the goals will be reached.

AGA, the Swedish gas and chemicals concern, intends to tap the market for up to \$75 million. Banks have underwritten a \$50-

million, seven-year program of one- to six-month notes and the remaining \$25 million will be offered for sale on a best-efforts basis with underwriters not committed to supply the funds if investors cannot be found.

The underwritten notes will carry a coupon of 1/2 point below Libor and will be offered for sale at a discount from face value. The maximum yield at which underwriters must agree to take the notes is set at 8 basis points over Libor.

The annual underwriting fee is 1/16 percent.

Thailand chose to tap the floating rate market for \$400 million broken into three separate transactions for the government, the Electricity Generating Authority and Petroleum Authority. The terms were identical — 20-year paper that investors can redeem after 10, 12 or 15 years, bearing a margin of 1/4 point over Libor — except for the fees. The government paid 25 basis points while the agencies paid 30 basis points.

Malaysia is expected to follow this pattern and soon offer \$300 million of FRNs while Spain this week is expected to offer \$350 million of 20-year FRNs bearing a margin of 1/16 point over Libor. Banks can expect to skip out a higher return on the Spanish paper as the six-month coupon will probably be set monthly, allowing banks to pocket the difference (currently 13/16 percentage point) between the two rates.

This wide yield gap explains why the FRNs for Bank of America, Hydro-Québec and Société Générale — all using the mismatch formula — were so well received last week.

In the syndicated loan market, which is increasingly viewed by bankers as headed for oblivion, the Korea Exchange Bank is seeking \$600 million for eight years. Interest will be set at 1/4 point over Libor for the first three years and 1/2 point over thereafter. Alternatively, lenders can opt to use the prime rate as the base, in which case the margin would be 10 basis points over prime or 115 basis points over the 90-day rate for certificates of deposit.

KEB will pay front-end fees of 1/4 percent.

## China Planning Improvements in Economic Zone

Reuters

BEIJING — The Zhuhai special economic zone bordering Macao plans to spend 700 million yuan (\$244.8 million) this year on improving facilities for foreign investors, the New China News Agency said Saturday.

The funds, almost three times the amount spent in 1984, will pay for completion of a road system and installation of power and water supplies and telephone services in the zone, it said.

Zhuhai is one of four special economic zones set up in South China.

The zone already has an industrial estate and shipping links with Macao and British-ruled Hong Kong.

## Turkey to Hold U.S. Talks

The Associated Press

ANKARA — A high-level Turkish delegation flew to the United States on Saturday for negotiations on textile and ready-wear exports, Turkey's major export items.

## EUROPE 1 COMMUNICATION

The Board of Directors of the EUROPE 1 COMMUNICATION company met under the chairmanship of Mr. Pierre Barret to close the accounts of the fiscal year ending on September 30, 1984.

1) Net results of the company amount to FF 10,477,000 (against FF 20,322,000 for the preceding fiscal year) after tax on profits of FF 28,093,000 and after exceptional provisions of FF 67,172,000 mainly concerning the SSE Tri-Monte-Carlo branch which showed a heavy deficit, taking into account the takeover of the cost of a possible withdrawal of its Italian branch T.V.I.

2) Consolidated results (not finally settled) will be about 25 million Francs, of which approximately half for the group share, against FF 22,611,000 in 1983-84.

3) In view of the much improved outlook for the 1984-85 fiscal year, the Board will propose to the General Meeting, the date of which has been set on March 28, 1985 in Monaco, to resume the distribution of the dividend, interrupted in 1984, at a price of FF 15 net per share.

4) For the first quarter of the 1984-85 fiscal year, the pretax turnover for radio-broadcasting activities of the group amounted to FF 151,612,000 against FF 151,485,000 for the same period of the preceding fiscal year. A 5.90% rate increase in 1985, after 3% in 1984, should allow the group turnover to return to a more normal growth; this is confirmed by the results of the month of January 1985 which showed a 6% increase compared with January 1984.

## Bank Expects A Payment From Peru

New York Times Service

NEW YORK — Peru, one of the most troubled of Latin America's debtors, will pay at least \$20 million in overdue interest to creditor banks this week, according to Citibank.

Peru stopped payments last July on almost all of its \$13-billion debt, although in January it made a \$52-million payment to avoid its arrears from becoming six months overdue. It is believed to have accumulated some \$160 million in arrears.

Although creditor banks have placed considerable pressure on Peru to resume debt payments, and have curtailed essential credits for financing trade, the government of President Fernando Belaúnde Terry has resisted a resumption of payments.

The government faces a cash shortage and an election April 14 that the ruling centrist party is expected to lose by a wide margin.

The statement Friday from Citibank, which heads the committee of bank creditors, quoted Peru's finance minister as saying that partial payments would be continued on a monthly basis.

## Consolidated Trading Of NYSE Listing

Symbol	Price	High	Low	Last	Chg
Unicor	128.00	130.00	126.00	128.00	+2.00
AT&T	107.00	108.00	106.00	107.00	+1.00
Philips	97.00	98.00	96.00	97.00	+1.00
Delta	72.00	73.00	71.00	72.00	+1.00
DeltaG	72.00	73.00	71.00	72.00	+1.00
DeltaH	72.00	73.00	71.00	72.00	+1.00
DeltaI	72.00	73.00	71.00	72.00	+1.00
DeltaJ	72.00	73.00	71.00	72.00	+1.00
DeltaK	72.00	73.00	71.00	72.00	+1.00
DeltaL	72.00	73.00	71.00	72.00	+1.00
DeltaM	72.00	73.00	71.00	72.00	+1.00
DeltaN	72.00	73.00	71.00	72.00	+1.00
DeltaO	72.00	73.00	71.00	72.00	+1.00
DeltaP	72.00	73.00	71.00	72.00	+1.00
DeltaQ	72.00	73.00	71.00	72.00	+1.00
DeltaR	72.00	73.00	71.00	72.00	+1.00
DeltaS	72.00	73.00	71.00	72.00	+1.00
DeltaT	72.00	73.00	71.00	72.00	+1.00
DeltaU	72.00	73.00	71.00	72.00	+1.00
DeltaV	72.00	73.00	71.00	72.00	+1.00
DeltaW	72.00	73.00	71.00	72.00	+1.00
DeltaX	72.00	73.00	71.00	72.00	+1.00
DeltaY	72.00	73.00	71.00	72.00	+1.00
DeltaZ	72.00	73.00	71.00	72.00	+1.00

Issues Traded in: 2347  
Advances: 1,123; declines: 877  
Unchanged: 167  
New Highs: 404; new lows: 8

This week: 493,780,000 shares  
Last week: 493,780,000 shares  
1984 same week: 493,780,000 shares  
1984 to date: 493,780,000 shares  
1984 to date: 493,780,000 shares

## Consolidated Trading Of AMEX Listing

Symbol	Price	High	Low	Last	Chg
CompP	107.00	108.00	106.00	107.00	+1.00
AmrInd	107.00	108.00	106.00	107.00	+1.00
AmrB	107.00	108.00	106.00	107.00	+1.00
AmrC	107.00	108.00	106.00	107.00	+1.00
AmrD	107.00	108.00	106.00	107.00	+1.00
AmrE	107.00	108.00	106.00	107.00	+1.00
AmrF	107.00	108.00	106.00	107.00	+1.00
AmrG	107.00	108.00	106.00	107.00	+1.00
AmrH	107.00	108.00	106.00	107.00	+1.00
AmrI	107.00	108.00	106.00	107.00	+1.00
AmrJ	107.00	108.00	106.00	107.00	+1.00
AmrK	107.00	108.00	106.00	107.00	+1.00
AmrL	107.00	108.00	106.00	107.00	+1.00
AmrM	107.00	108.00	106.00	107.00	+1.00
AmrN	107.00	108.00	106.00	107.00	+1.00
AmrO	107.00	108.00	106.00	107.00	+1.00
AmrP	107.00	108.00	106.00	107.00	+1.00
AmrQ	107.00	108.00	106.00	107.00	+1.00
AmrR	107.00	108.00	106.00	107.00	+1.00
AmrS	107.00	108.00	106.00	107.00	+1.00
AmrT	107.00	108.00	106.00	107.00	+1.00
AmrU	107.00	108.00	106.00	107.00	+1.00
AmrV	107.00	108.00	106.00	107.00	+1.00
AmrW	107.00	108.00	106.00	107.00	+1.00
AmrX	107.00	108.00	106.00	107.00	+1.00
AmrY	107.00	108.00	106.00	107.00	+1.00
AmrZ	107.00	108.00	106.00	107.00	+1.00

Volume: 51,000,000 shares  
Year to date: 25,250,000 shares  
Issues traded in: 91  
Advances: 100; declines: 34  
Unchanged: 167  
New Highs: 146; new lows: 2

## Gold Options (prices in \$/oz.)

Month	Feb.	Mar.	Apr.
20	157.125	157.125	157.125
30	157.125	157.125	157.125
40	157.125	157.125	157.125
50	157.125	157.125	157.125
60	157.125	157.125	157.125
70	157.125	157.125	157.125
80	157.125	157.125	157.125
90	157.125	157.125	157.125
100	157.125	157.125	157.125









## IS ICAHN FOR REAL?

Can Carl Icahn really finance his proposed first-step partial tender offer for Phillips? Can he borrow \$4.2 billion?

We don't think so, even though Drexel Burnham says it is "highly confident."

Read his proposal carefully. Icahn admits he will not buy your stock until:

1. He raises the money
2. He eliminates your "Fair Value" Rights by having them redeemed or otherwise
3. He defeats the Recapitalization

We think his conditions cannot be met.

**IF YOU WANT THE BENEFITS OF THE RECAPITALIZATION NOW, VOTE FOR IT NOW!** Phillips Board of Directors has unanimously rejected the Icahn two-tier takeover proposal and believes that the Recapitalization is the best deal for you.

Time is growing short. Please sign, date and mail Phillips **WHITE** proxy card or follow the Datagram procedure outlined below.

If you need further information on voting, including instructions on voting by Toll-Free Datagram, call the Company toll-free at (800) 431-2624. You may also call **D. F. King & Co.** collect, at (212) 269-5550 in New York, (312) 236-5881 in Chicago, (415) 788-1119 in San Francisco, or (213) 215-3860 in Los Angeles.

### TOLL-FREE DATAGRAM VOTING PROCEDURE

Phillips has established the following simple toll-free telephone procedure which, if you are a shareholder of record, you may use to vote your shares:

- Call Western Union toll-free 1-800-325-6000 any time day or night (in Missouri only, dial 1-800-342-6700).
- Tell the Western Union operator to send a pre-paid Datagram to Phillips Petroleum Company, I.D. #F 7014.
- Read the following text of the proxy card:

PHILLIPS PETROLEUM COMPANY  
Bartlesville, Oklahoma 74004

Special Meeting of Stockholders To Be Held Friday, February 22, 1985.  
This Proxy is Solicited by the Board of Directors.

The undersigned hereby appoints Wm. C. Douce, Melvin R. Laird and W. Clarke Wescoe, or any of them, with individual power of substitution, proxies to vote all shares of common stock of Phillips Petroleum Company which the undersigned may be entitled to vote at the special meeting of stockholders to be held in the Adams Building, 4th Street and Keeler Avenue, Bartlesville, Oklahoma, on February 22, 1985, at 10:00 A.M., CST, and at any and all adjournments and postponements thereof as indicated below.

THE BOARD OF DIRECTORS UNANIMOUSLY  
RECOMMENDS A VOTE "FOR" THE PROPOSAL.

☐ FOR ☐ AGAINST ☐ ABSTAIN

1. A proposal to approve a recapitalization as set forth in the Proxy Statement-Prospectus of Phillips Petroleum Company (the "Company") dated January 31, 1985, pursuant to which: (i) the Company's Certificate of Incorporation (the "Certificate") would be amended to reclassify each outstanding share of the Company's common stock, \$1.25 par value (the "Common Shares"),

into .62 of a Common Share, plus one share of a new class of exchangeable preferred stock, \$1.00 par value, of the Company which will be exchanged immediately after issuance for debt securities of the Company; (ii) the Certificate would be amended to increase the number of authorized Common Shares from 200 million to 300 million and to authorize 200 million shares of preferred stock; (iii) the Certificate would be amended to provide for classification of the Board of Directors, elimination of the ability of stockholders to act by written consent and certain related matters; (iv) the current directors of the Company would be classified into three classes numbering six, five and five directors, respectively, with terms ending at the Company's Annual Meetings in 1985, 1986 and 1987, respectively; and (v) the Company would create an Employee Incentive Stock Ownership Plan (the "EISOP") and sell not more than 32 million Common Shares to the EISOP at the market price thereof.

2. In accordance with their best judgment upon all such other matters necessary in connection with the foregoing proposal as may properly come before the Special Meeting or any adjournment or postponement thereof.

This proxy will be voted in accordance with the specification made for the proposal. If no specification is made, this proxy will be voted FOR the proposal.

- Tell the operator how you wish to vote your Phillips shares. Management recommends a vote "FOR" the proposed Recapitalization.
- Give the operator your name and address exactly as they appear on the proxy cards previously sent to you.

**NOTE:** If your shares are registered in "street name" with a brokerage firm or bank, you may not vote your shares by the Datagram procedure. In this case, please telephone the party at the brokerage firm or bank responsible for your account and make arrangements to vote your shares immediately.

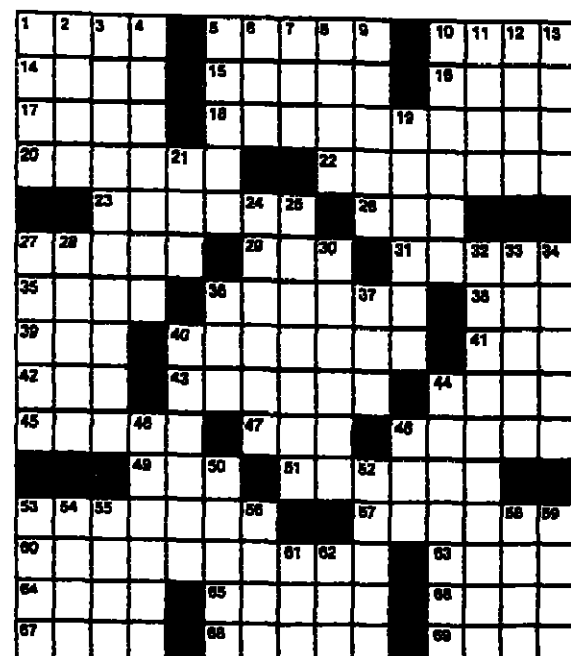












**ACROSS**

1 Snap up  
5 Covent Garden  
10 Sullen  
14 Actress Keeler  
15 Mulcts  
16 Coin in  
17 Baal, e.g.  
18 A square, like  
20 Contrive  
22 Solemn  
23 Snare  
24 Colter's  
27 Wordsworth's  
31 Kind of  
32 "Where there  
33 Kind of Bronx  
34 Kin of Bronx  
36 Havoc  
38 By way of  
39 Eastern title  
40 A square, à la  
41 "Let Them Clash,"  
42 Sun. text

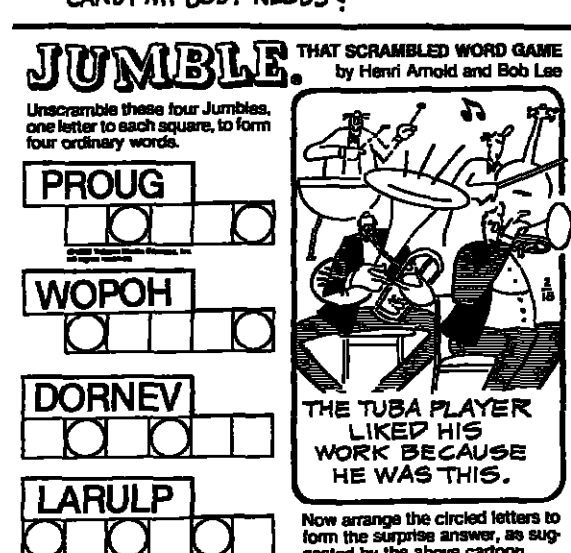
**DOWN**

1 Grating  
2 Loutish  
3 On the square  
4 Reporters  
5 Towler  
6 More, in music  
7 Lineman  
8 Autumn  
9 Until now  
10 More like  
11 Resort near  
12 Indic language  
13 Baseball's Say  
14 "I... that I  
15 Bunn  
16 enclosure  
17 Lawrence of  
18 Square up  
19 Embarrass  
20 Cinematic  
21 Blotch  
22 All square  
23 Sibling's  
24 Country singer  
25 Tucker  
26 Chart  
27 Nice summer  
28 "...roogie  
29 44 Across  
30 First prints of  
31 Movies  
32 Mellow  
33 "up  
34 (ilbertines)  
35 Froch  
36 "Bus Stop"  
37 creator  
38 Fume  
39 Ensuing  
40 Dispersed  
41 "hen  
42 Severed  
43 Severus  
44 Wright wing

© New York Times, edited by Eugene Malachuk.



ARE YOU SURE I'M GETTING ALL THE CANDY MY BODY NEEDS?



THE TUBA PLAYER LIP UP HIS WORK BECAUSE HE WAS THIS.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here:                      IN IT

Answers tomorrow:

Friday's Jumble: DAILY BUXOM SORRE BONNET

Answer: What people with tireless energy often become—TIRELESS

## WEATHER

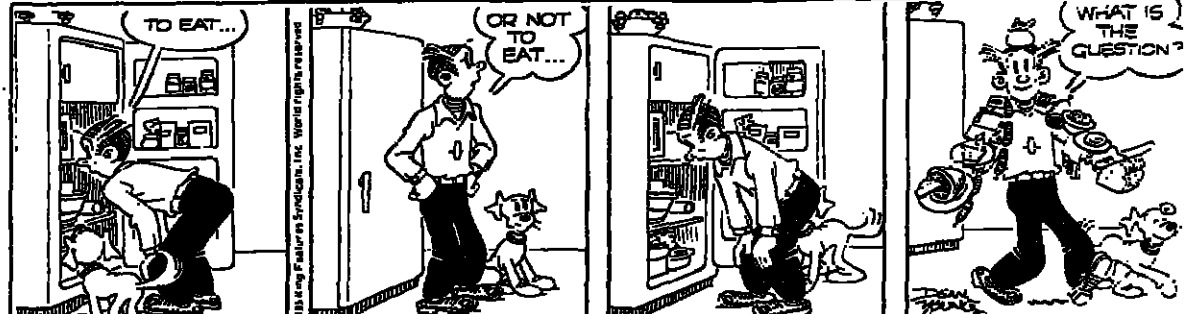
EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	17	10	Shanghai	20	14
Amsterdam	17	10	Seoul	20	14
Athens	17	10	Singapore	20	14
Berlin	17	10	Taipei	20	14
Bombay	17	10	Tokyo	20	14
Buenos Aires	17	10	Yokohama	20	14
Calcutta	17	10			
Cairo	17	10			
Cardiff	17	10			
Chennai	17	10			
Copenhagen	17	10			
Dallas	17	10			
Dublin	17	10			
Edinburgh	17	10			
Hamburg	17	10			
Helsinki	17	10			
Istanbul	17	10			
Los Angeles	17	10			
London	17	10			
Madrid	17	10			
Moscow	17	10			
Munich	17	10			
Nairobi	17	10			
Paris	17	10			
Prague	17	10			
Rangoon	17	10			
Rio de Janeiro	17	10			
Rome	17	10			
Stockholm	17	10			
Sydney	17	10			
Taipei	17	10			
Tel Aviv	17	10			
Tientsin	17	10			
Warsaw	17	10			
Washington	17	10			
Zurich	17	10			

MONDAY'S FORECAST: CHAMBERLAIN: Rough. FRANKFURT: Overcast. GENEVA: Partly cloudy. LONDON: Partly cloudy. PARIS: Partly cloudy. ROME: Partly cloudy. SYDNEY: Partly cloudy. TOKYO: Partly cloudy. WASHINGTON: Partly cloudy. ZURICH: Partly cloudy.

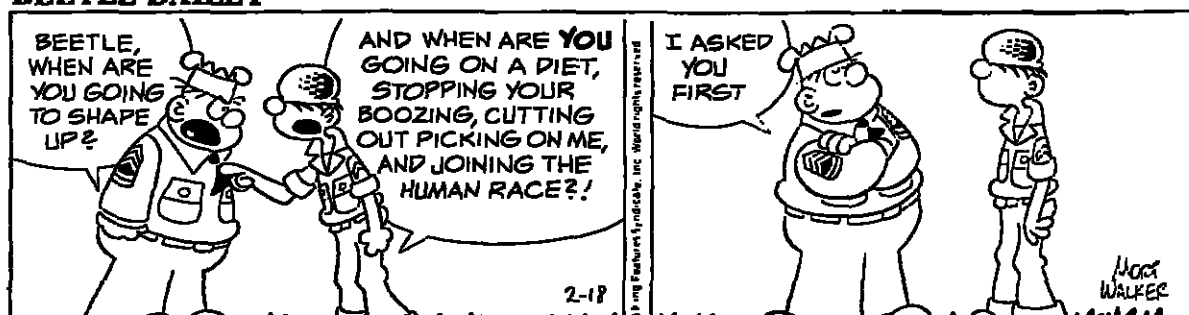
## PEANUTS



## BLONDIE



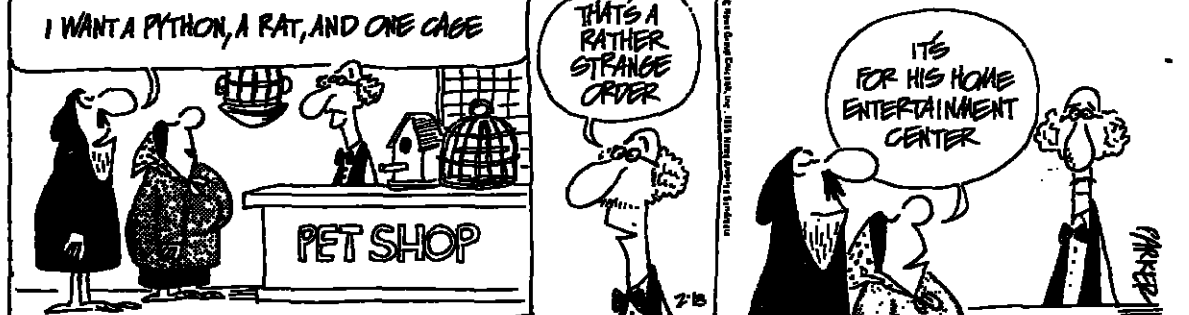
## BETTY BAILEY



## ANDY CAPP



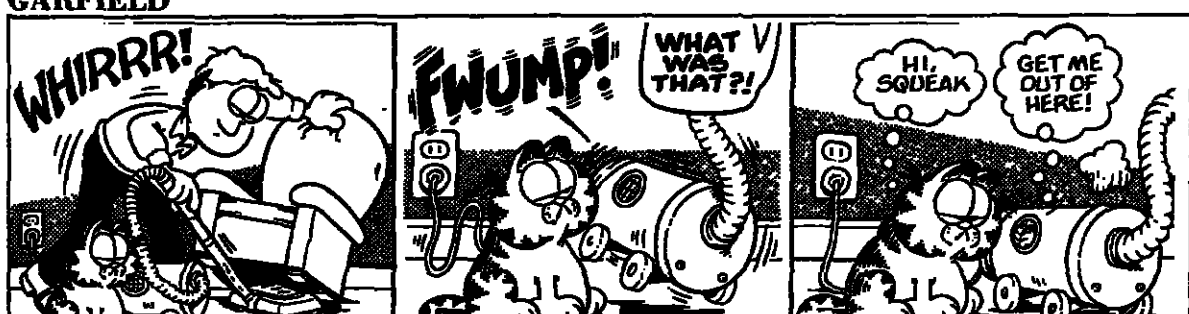
## WIZARD of ID



## REX MORGAN



## GARFIELD



## SPORTS BRIEFS

**Track Records Are Set in European Meets**

SENFTENBERG, East Germany (Combined Dispatches) — Sprinter Marita Koch and shot putter Ulf Timmermann set world indoor bests at the East German track and field championships here Saturday. Koch ran the women's 60-meter dash in 7.04 seconds, lowering the 7.08 she clocked Jan. 29, 1983. Timmermann heaved the shot 72 feet, 8 inches (22.15 meters), bettering the mark of 72-3 set by American George Woods in 1974. Meanwhile:

- Galina Chistyakova set a women's indoor best for the long jump at the Soviet national indoor track meet in Kishinev, Moldavia, Tass reported. Chistyakova cleared 23 feet, 9 1/2 inches, to better the 22-11 1/2 set by Halka Deute-Dreiser of East Germany.
- Walter Ciofani of France set a world indoor mark for the heavy (156-kilogram/343.9-pound) hammer at the French national indoor track and field championships in Paris. His throw of 24.11 meters improved the 23.94 meters set by Norway's Tore Johnsen in 1984.
- Giuliana Salce of Italy bettered her own indoor best for the mile walk at an international meet in Genoa; she clocked 6:28.46, lowering her mark of 6:43.59, set Feb. 4, 1984. (AP, UPI)

**Navratilova Beats Evert in U.S. Tennis Final**

DELRAY BEACH, Florida (AP) — Martina Navratilova crushed Chris Evert Lloyd 6-2, 6-4, here Saturday to win the women's singles title at the International Players Championships. It took Navratilova an hour and 10 minutes to average a straight-set loss to Evert in a tie-breaker at Miami earlier this month; before that loss, Navratilova had beaten Evert 13 straight.

The earlier loss to Evert "just got me going again — got me excited about playing, and gave me something to prove," Navratilova said.

Americans Scott Davis and Tim Mayotte were to meet in Sunday's men's final. Davis downed 11th-seeded Tomas Sand of Czechoslovakia, 7-6, 6-4, 4-6, 6-3, late Friday, and Mayotte eliminated Jan Gunnarsson of Sweden, 7-6, 6-2, 4-6, 6-1.

**Blackburn 1-Shot Leader in San Diego Golf**

LA JOLLA, California (UPI) — Woody Blackburn, who last won a PGA tournament in 1976, shot his third straight 66 Saturday to take a one-stroke lead in the San Diego Open.

Blackburn had seven birdies for an 18-under par 198, creeping past Ron Streck and Gary Hallberg into sole possession of first going into Sunday's final round. Streck, who shot a 66 on both Friday and Saturday, was at 17-under 199. Hallberg, after a 69 Saturday, was one back at 200.

Peter Oosterhuis, who shot a 64 Friday for a first-place tie with Hallberg after the second round, shot 70 Saturday and ended up in a tie for fourth with Fred Couples, Johnny Miller, Vance Heafner and Bobby Clampett at 201.

**Demonstrator Knocks Budd Out of Race**

BIRKENHEAD, England (AP) — A demonstrator protesting South Africa's policy of apartheid threw himself in front of Zola Budd Saturday and prevented her from finishing the race for the English women's cross-country title.

Budd, 18, born in South Africa and now a British citizen, was leading the 5-kilometer (3.1-mile) race when the demonstrator ran from the crowd and landed in front of Budd. She swerved to avoid him and was unable to continue the race, which was won by Angela Tooty. Police said three demonstrators were arrested.

## BOOKS

### FRAGRANCE: The Story of Perfume From Cleopatra to Chanel

By Edwin T. Morris. 304 pp. Illustrated. \$24.95. Scribner, 597 Fifth Avenue, New York, N.Y. 10017.

Reviewed by John Gross

IN the preface to "Fragrance," Edwin T. Morris tells us that when he first became interested in the history of perfume he felt embarrassed. It was "as if I were researching trivia or had become the archivist of idleness." But the more he studied the subject, the more substantial it seemed, touching as it did on so many aspects of culture and society.

To write the full history of fragrance, indeed, would call for the scholarship of a Fernand Braudel, and while Morris's book has no such pretensions, it does cover an exceptionally wide range of topics, from the chemistry of solvent extraction to the olfactory habits of fish. Fortunately, however, Morris, who teaches fragrance at the Fashion Institute of Technology in New York, has not allowed the more austere aspects of his subject to overshadow its glamour.

He begins by getting down to essentials — the "essential oils" on which all perfumery depends. Most of these derive from plants, and Morris analyzes their various aromatic groupings in beguiling detail. Flowers that give off a languorous sweetness, for instance — jasmine, lilies, hyacinths, honeysuckle — are signaling to the moth, on whom they rely for pollination, and commercial scents with this heady type of fragrance, such as White Shoulders or Je Reviens, "would meet with a moth's approval." Indeed, "despised as he is among men, the moth is the true aristocrat of scent."

In addition, a few essential oils are derived from fossil fuels or animals. Ambergris, for example, is secreted to protect the intestinal lining of the sperm whale from the sharp bones of the cuttlefish it eats. And civet is one of those products that make you wonder about prehistoric methods of research. Who on earth first thought of removing a fatty substance that is formed near the genitalia of civet cats and has "a revoltingly fecal odor," even if it does become "extremely agreeable and strongly fixative when blended with other essences?"

It is a survey that ranges from the balm of Gilead to the slaves called "cosmetics" who prepared scents for Roman matrons. We learn of the musk that was mixed in the mortar of Persian mosques so that they would exude a soft scent when they were struck by the rays of the sun, and pay our respects to Lady Montezuma (her name means "winter") who, around the year 1000 described Japanese "incense parties" at which two players "listened" to different types of fragrance and discussed their qualities.

By contrast medieval Europeans, who seldom took baths and would have had everything to gain from perfuming themselves, were late developers. Renaissance humanism, the opening up of the spice trade, and increasing mastery of distillation and glassmaking all combined to produce a more positive attitude, however, and by the 18th century, the European perfume trade had begun to assume its modern form. An Italian barber who went to Germany to seek his fortune in 1709 founded the dynasty that marketed eau de cologne, venerable concerns like the house of Houbigant were established in Grasse before the French Revolution.

The French continued to dominate the industry throughout the 19th century, and well beyond. The great names of the Second Empire included Guerlain (which created their long-lived Eau Imperiale for the Empress Eugénie) and Worth (which pioneered the idea of a fashion house marketing its own perfume). Eugene Rimmel, the head of the house, wrote the first serious history of perfume (published in 1865), a learned work printed on scented paper. It was Guerlain which also created the most fashionable perfume of the Belle Epoque, "Jicky" (the nickname of a young member of the family called Jacques).

In the 20th century, French perfumers showed themselves the supreme masters of the art of packaging. Francois Coty (a Corsican whose real name was Sportuno) commissioned Rene Lalique to design his bottles and hired Leon Bakst to design a box for his powder, using paper of red, black and gold. It was Coty, as he watched departing American soldiers buying up vast quantities of perfume, who was the first to grasp the full possibilities of the American market. Others followed — Jeanne Lanvin, for example, who created a perfume called Mon Peche that didn't catch on in France until she switched to the name under which it was being successfully sold in the United States, My Sin.

"Fragrance" is a satisfying piece of work. It reflects the pleasure that the author takes in his subject, and if it isn't printed on scented paper it does at any rate have some excellent and well-chosen illustrations.

John Gross is on the staff of The New York Times.

## BRIDGE

By Alan Truscott

IN Many bidding situations there is no convenient action and a player must settle for the least evil. A common example arises when a minor suit is bid and the next player has length in both major suits with enough strength to make a bid.

For this reason many tournament players use the Michaels convention, a cue-bid in the opener minor to show at least 5-5 distribution in the major suits or conceivably 5-4 or 4-5.

If this is not available, the choice lies between an overall, normally right with 5-5 or 5-4, and a take-out double, normally right with 4-4.

The big headaches arise with 4-5 distribution, as on the dia-

gramed deal, from a rubber bridge game. If North overcalls one heart, he runs a serious risk of missing a spade fit. And if he makes a take-out double, convenient enough against one club, he runs the risk of hearing a two-club response: He could not then bid two hearts without grossly exaggerating his high-card strength.

North's double was successful in this case, leading easily to four spades, apparently a simple contract, after East-West had bid clubs to four-level. An inspired defense was forthcoming from East-West.

West decided that his partner's two-club bid implied diamond shortage and that a diamond ruff was the best hope for the defense. He therefore led the diamond ace and fol-

lowed the deuce. East ruffed and drew the right inference from the deuce. This was a suit-preference signal suggesting a club return, so he underled his honors to secure the diamond ruff and decisive, diamond ruff.

**NORTH**

♠ A Q 4 3  
♥ A Q J 8 7  
♦ A 9 8 1  
♣ A 10 9

**SOUTH**

♠ A J 8 5 3  
♥ 9 8 2  
♦ K Q 10 7  
♣ K 2

Both sides were vulnerable. The bidding: North 1♥, South 1♣, North 2♦, South 3♣, North 4♣, South 4♦, North 5♦, South 5♣, North 6♣, South 6♦, North 7♦, South 7♣, North 7♦, South 7♣, North 7♦, South 7♣.

**WEST**

♠ 10 9 8 7  
♥ 10 9 8 7  
♦ 10 9 8 7  
♣ 10 9 8 7

**EAST**

♠ 10 9 8 7  
♥ 10 9 8 7  
♦ 10 9 8 7  
♣ 10 9 8 7

West led the diamond ace and followed the deuce. East ruffed and drew the right inference from the deuce. This was a suit-preference signal suggesting a club return, so he underled his honors to secure the diamond ruff and decisive, diamond ruff.

## Runners

LOS ANGELES — Hurdler Valerie Brisco-Hooks was found not guilty of soliciting an undercover policeman posing as a partner.

Meets, who won gold medals in 1976, Montreal Olympics and 1984 Los Angeles Olympics, were into a struggle after the verdict in Municipal Court 1. Judge Edward J. Guzman, deputy judge, said: "We can't find any case the tremendous amount of effort we put on."

The jury foreman, Harvey A. Jones, a professor in research at Pepperdine University, said: "We didn't feel there was a lot of evidence in the report that left a doubt."

Another juror, Albert More, said the first part of the jury was in a position of abstention in favor of the state. The second ballot was taken.

More had faced a six-month prison term and a \$1,000 fine, given a first-time offender is a probation.

## Moses Four

LOS ANGELES — Hurdler Valerie Brisco-Hooks was found not guilty of soliciting an undercover policeman posing as a partner.

Meets, who won gold medals in 1976, Montreal Olympics and 1984 Los Angeles Olympics, were into a struggle after the verdict in Municipal Court 1. Judge Edward J. Guzman, deputy judge, said: "We can't find any case the tremendous amount of effort we put on."

The jury foreman, Harvey A. Jones, a professor in research at Pepperdine University, said: "We didn't feel there was a lot of evidence in the report that left a doubt."

Another juror, Albert More, said the first part of the jury was in a position of abstention in favor of the state. The second ballot was taken.

More had faced a six-month prison term and a \$1,000 fine, given a first-time offender is a probation.

## 3 Goals in 42 Seconds Propel Devils Past Maple Leafs, 6-3

Called by Our Staff From Dispatches

TORONTO — Tim Higgins, Ulrich Huetner and Phil Russell set a team record by scoring in a 42-second span Saturday night to spark the New Jersey Devils to a 6-3 victory over the Toronto Maple Leafs.

The three goals rallied the Devils from a 2-0 first-period deficit.

Higgins converted a long rebound at 9:22 of the second period and defenseman Huetner found the net left corner 21 seconds later to tie the score. Defenseman Russell put New Jersey ahead for good, 3-2, when his short-handed 55-foot eluded goalie Tim Bernhardt at 10:04. Russell's goal allowed the Devils to better by 34 seconds their record for the fastest three goals. The team mark had been set Oct. 23, 1974, when the franchise was in Kansas City as the Scouts.

Elsewhere Saturday it was Detroit 7, Chicago 4; the New York Islanders 4, Hartford 4; Calgary 4, Winnipeg 4; Philadelphia 5, Edmonton 4; Vancouver 3, Boston 2; Buffalo 4, Montreal 3; Quebec 8, Pittsburgh 1; St. Louis 6, Minnesota 4, and Los Angeles 5, Washington 2. On Friday it was Montreal 4, Buffalo 3, and the New York Rangers 8, Edmonton 7.

Dan Maloney, the Maple Leaf coach, attributed the loss to two

calls by officials, including one on Russell's goal.

Toronto, trailing 4-2, apparently scored at the end of the second period, but referee Ron Fournier conferred with the goal judge and

## NHL FOCUS

ruled that time had expired before Gary Leeman's shot entered the net. Maloney also disputed Russell's goal. Russell had scored after taking a pass at the Toronto blue line; television replays indicated the pass was offside.

"That's two goals — they gave one to them and took one away from us," he decided the outcome of the game without any question," Maloney said.

"We end the period with a goal. That's an up note and you start to go again. The puck was in the net. Russell's was offside. We're in no position to allow, to give up, two goals like that."

Toronto had led on two opening-period goals by Peter Innacek when Higgins, Huetner and Russell went on their binge. Pat Verbeek made it 4-2 before the period was over.

John Anderson scored for the Leafs to make it 4-3 in the third, but Rick Meagher and Mel Bridgman added insurance tallies for the Devils. (UPI/AP)







